



Doing Business In Germany: A Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Germany

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Market Overview

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The German economy is the world's third largest and accounts for nearly one-third of European Union GDP. Germany is the United States' largest European trading partner and is the fifth largest market for U.S. exports. Germany's "social market" economy largely follows free-market principles, but with a considerable degree of government regulation and generous social welfare programs and protections.

Germany is the largest consumer market in the European Union. Over 82 million people in Germany and more than 100 million German-speaking consumers make up the largest language group in the European Union. Additionally, this language group has one of the highest per capita incomes and therefore purchasing power in Europe. The number of consumers and Germany's geographic location at the heart of a 25-member European Union that added ten members in 2004 make it a keystone around which many U.S. firms seek to build their European expansion strategies.

Market Challenges

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Real German GDP expanded by 1.7 percent in 2004, after a contraction of 0.1 percent in 2003. Forecasters predict the economic growth will slow to 1 percent in 2005. Sluggish consumer demand, weak investment spending, and the persistent crisis in the construction sector continue to exert a dampening effect on recovery. The German economy continues to suffer from structural problems, including inflexibility and over-regulation in labor markets, taxation, and business establishment, as well as high social insurance costs.

The German government recognizes the need for reform and has begun a series of reforms entitled "Agenda 2010." While many observers regard this program as a useful start, most also expect that additional reforms to enhance competitiveness will be required. German firms focusing on exports, especially in the automotive, chemicals and high tech sectors, recently have enjoyed healthy profits; the retail sector, by contrast, continues to struggle. Major manufacturing firms have increasingly shifted their production overseas to maintain global competitiveness and reduce costs.

Persistent high unemployment is Germany's most sensitive political and economic issue. Despite modest initial progress in reducing unemployment during its first term in office, the Schroeder government has not met its goal of sharply cutting the jobless rate. Since the last federal elections in 2002, weak economic performance and stagnant job creation have combined to push unemployment rates up. In 2004, the overall unemployment rate stood at 10.8 percent. There continues to be a significant disparity between

unemployment in the eastern and western states of Germany. The unemployment rate in the western states was 8.7 percent in 2004, whereas the comparable figure for the eastern states was 18.5 percent. The long-term (longer than one year) unemployed comprised 38.8 percent of those jobless in 2004.

With the exception of participation in the EU Common Agricultural Policy, Germany presents few formal barriers to U.S. trade or investment. Germany has pressed the new EU Commission to reduce regulatory burdens and promote innovation in order to increase the EU member states' competitiveness. Germany's own regulations and bureaucratic procedures, however, can prove a baffling maze. While not directly discriminatory, government regulation is often complex and may offer a degree of protection to established local suppliers. Safety or environmental standards, not inherently discriminatory but sometimes zealously applied, can complicate access to the market for U.S. products. American companies interested in exporting to Germany should make sure they know which standards apply to their product and obtain timely testing and certification. German standards are especially relevant to U.S. exporters because, as EU-wide standards are developed, they are often based on existing German ones.

Market Opportunities

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For American companies, the German market - the largest in the EU - continues to be attractive in numerous sectors and remains an important element of any comprehensive export strategy to Europe. While U.S. investors must reckon with a relatively higher cost of doing business in Germany, they can count on high levels of productivity, a highly skilled labor force, quality engineering, a first-class infrastructure, and a location in the heart of Europe.

Best U.S. Export Prospects: Computer Software, Computer Services, Management Consulting Services, Computers and Peripherals, Medical Equipment, Industrial Chemicals, Drugs and Pharmaceuticals, Franchising, Sporting Goods, Automotive Parts and Services, Telecommunications Equipment, Industrial Process Controls, Electronic Components, Pollution Control Equipment, Travel and Tourism.

Market Entry Strategy

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The most successful market entrants are those that offer innovative products featuring high quality and modern styling. Particularly in the consumer goods sector, Germans are responsive to innovation and high technology as evident in U.S. products such as computers, computer software, electronic components, health care and medical devices, synthetic materials, and automotive technology. Germany boasts one of the highest Internet access rates in the EU and new products in the multi-media, high tech and service areas offer great potential, as increasing numbers of Germans join the Internet generation. Certain agricultural products, one also good export prospects for U.S. producers. Price will not necessarily be the determining factor for the German buyer, given the German market's demand for quality.

The German market is as decentralized and diverse as the U.S. market, with interests and tastes that differ dramatically from German state to German state. Successful market strategies take into account regional differences as part of a strong national

market presence. Experienced representation is a major asset to any market strategy given that the primary competitors for most American products are domestic firms with established presence. U.S. firms can overcome such stiff competition by offering high quality products, services at competitive prices, and sales back-up, as well as establishing a local network of support. For investors, Germany's relatively high marginal tax rates and complicated tax laws may constitute an obstacle, although deductions, allowances and write-offs help to move effective tax rates to more internationally competitive levels.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/3997.htm>

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Using an Agent or Distributor

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To a far greater degree than its neighbors in Europe, Germany's population and industry are decentralized and distributed through much of the country. Major cities and businesses dot the countryside in a landscape that features no predominant business center. Often U.S. companies hope to cover Europe from a single European base, or even through periodic visits from the United States. The German commercial customer at the same time expects to be able to pick up the telephone, talk to his or her dealer, and have replacement parts or service work immediately available. U.S. exporters should avoid appointing distributors with impossibly large geographic areas, without firm commitments regarding parts inventories or service capabilities, and without agreements on dealer mark-ups.

Success in the German market, as elsewhere around the world, requires long-term commitment to market development and sales back up, especially if U.S. companies are to overcome the geographic handicap with respect to European competitors. Germans at times perceive U.S. suppliers as tending to process a U.S. domestic order before taking care of an export sale, or being quick to bypass a local distributor to deal directly with its customer. Some German entrepreneurs with selective experience with U.S. companies are skeptical about their long-term commitment and after-sales support. U.S. firms entering Germany today are generally aware of the factors that make for a successful export relationship and are ready to establish a credible support network. However, U.S. firms should be ready to address any lingering doubts from prospective German clients/partners.

If a manufacturer wishes to distribute its products abroad by itself, an independent distribution company must usually be established. This step entails not only considerable expense, but also requires extensive organization and control. In particular, medium-

sized manufacturing companies, therefore, tend in practice to engage independent sales intermediaries to work independently a certain market.

The most important types of distribution intermediaries are commercial agents, distributors and franchisees. While the law on commercial agents has been revised and harmonized amongst the European Union member states based on an European Commission Directive, Germany still lacks a codified distributor and franchising law, as do almost all other European Union countries.

Commercial Agents

Agency Agreement

An agency agreement need not be concluded in writing and can arise informally, verbally or even tacitly. There are, however, two exceptions to this rule: a del credere agreement, under which the commercial agent guarantees the fulfillment of liabilities arising from a transaction, must be concluded in writing, as must a post-contractual agreement restricting competition.

To attract a talented consultant or salesperson, a firm will need an impressive track record. Germans, in particular, are hesitant to participate in start-up ventures. To operate a true German subsidiary and realize substantial revenues, it is in most cases not sufficient “do it all.”

Claim to Remuneration

The remuneration of a commercial agent may consist of either performance-related commission, fixed remuneration, or a combination thereof (a so-called guaranteed commission).

In addition to remuneration for the arrangement and conclusion of sales activities, a commercial agent may also be entitled to a commission for other activities such as collections, assumption of liability, warehousing, and after-sales service.

Distribution

A distributor is always a dealer, i.e., he or she buys and sells in his or her own name and for his or her own account. The distributor undertakes to vouch for the sale of the contractual products on an ongoing basis. He or she often also assumes the obligation to maintain a warehouse, a stock of spare parts or even a repair service.

Exclusivity Clause

A territorial protection or exclusivity clause is often included in distribution agreements. Pursuant to EU competition law, such clauses are, however, allowed to a limited extent only. They prevent a manufacturer from engaging other distributors in a certain contractual region or from conducting transactions directly. It is not unusual for a manufacturer to reserve the right to supply certain major customers with whom business relations already existed before concluding the distribution agreement. For a distributor, exclusivity usually means that only he or she may purchase the same or similar products for sale in the contractual region from the manufacturer. Exclusivity clauses are generally agreed to, when the manufacturer's product is protected by a patent.

Under an exclusive distribution arrangement a product may or may not receive the attention it deserves. It could become nothing more than a line item in a hefty catalogue. Without someone on the ground to initiate demand, it is unlikely that a new product will sell on its own.

Competitive Restrictions

Objections based on EU and German competition law may be raised against distribution agreements if exclusivity or a territorial protection, non-competition, resale price maintenance, or other restrictive clauses are included. Distribution systems between non-competing companies are widely covered by the Block Exemption Regulation for Vertical Restraints, which applies to products and services in all industries, except for motor vehicle distribution and technology transfer.

The Block Exemption Regulation exempts all types of vertical restraints on competition from the general prohibition, unless the share of the supplier, or for exclusive purchase agreements, of the buyer, of the relevant market is not higher than 30%. Some particularly restrictive clauses are “blacklisted”; agreements providing for such restrictions do not benefit from the exemption, such as minimum or fixed resale price maintenance or restrictions regarding the territory in which the buyer may sell the products. Non-competition clauses, which also include exclusive purchasing agreements, are exempted for a limited time only. Special rules apply to agreements between competitors and to post-contractual non-competition agreements.

Agreements that are not covered by the Block Exemption, for instance because the market share threshold is passed, must be reported to the Commission of the European Union to apply for a single exemption or a comfort letter.

German law prohibits resale price maintenance and resale maintenance of terms and conditions. In general, exclusivity or tying agreements can be practiced unless the competent competition authority prohibits the parties from doing so.

Establishing an Office

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If a potential investor intends to form a relationship or entity beyond a strategic alliance with an existing German business on a contractual basis, German law allows a broad variety of business forms. Since corporate, tax, and trade law (containing the provisions regarding partnerships and sole proprietorships) are codified in federal laws applicable all over Germany, the actual place of business or incorporation is of no importance for the choice of the business vehicle (except for the local trade tax burden).

GmbH

The GmbH (Gesellschaft mit beschränkter Haftung - limited liability corporation) is the corporate entity most commonly used for business enterprises in Germany. The structure of a GmbH is relatively straightforward and flexible. It is designed for private businesses (no IPO possible) with a clear and stable shareholder structure looking for full liability protection of their shareholders. The liability of a GmbH is limited to the value of its assets including its share capital.

For detailed information on the different German business vehicles please visit <http://www.invest-in-germany.de/>

Germany is a mature franchise market in which local entrepreneurs have developed sophisticated concepts. A high concentration of franchising chains in Germany can be found in the service sector (45 percent), trade (37 percent), building and handcraft (8 percent), and gastronomy (10 percent). Industry sources expect best prospects to be in the areas of training and educational services; express delivery services (all types); theme bistros/restaurants; office management, accounting and tax services; maintenance, cleaning and sanitation services; advertising; telecommunication products and services; energy saving products and services; retail stores (specialized); home care services; environmental services. U.S. franchisers must be prepared to adapt to required market norms and standards, invest in market research, test market receptivity through pilot projects, and adjust their concepts to German business practices and consumer tastes.

Restraints to competition in franchise agreements are generally covered by the Block Exemption on Vertical Restraints of 1999 referred to in the preceding chapter "Distributors."

Direct Marketing[Return to top](#)

German consumers are accustomed to purchasing via catalog and have become more receptive to shopping on Internet platforms. More than 80 percent of German enterprises use direct marketing to sell their products and services, the most frequently used formats are email and Internet marketing (65%), telephone marketing (31%), direct mail (24%) and inserts in publications with a response element (18%). More than EUR 30 billion are spent on direct marketing by trading companies, manufacturers, and service companies with mailing expenditures clearly in the lead, followed by inserts with response elements, and telephone marketing. Direct marketing agencies currently employ 48,000, a number which is expected to grow over the next years.

It is important to know the pitfalls of using direct marketing as a selling tool in Germany. Data protection and privacy laws are stringent, and consumer protection guidelines and competitive advertising are also highly regulated. Companies should consult with a lawyer before raising, storing or processing any sort of data in Germany. Other potential challenges regard the laws pertaining to unfair competition and rebates.

Joint Ventures/Licensing[Return to top](#)**Joint Ventures**

Dealing with joint ventures ranks among the most difficult jobs under German competition law. In Germany, JV legislation falls into the responsibility of the Federal Cartel Office (Bundeskartellamt: www.bundeskartellamt.de). A joint venture must exercise "genuine entrepreneurial" activities. Under German law, this means:

- Organizations which merely carry out auxiliary functions such as purchasing or distribution on behalf of the parents are not considered joint ventures; and
- JVs must have at their disposal sufficient assets and personnel to carry out their activities.

A merger is to be prohibited by the Bundeskartellamt if it is "expected to create or strengthen a dominant position." Market dominance is defined as an undertaking, which either has no competitors or is not exposed to any substantial competition or has a paramount market position in relation to its competitors, is presumed to be dominant.

Licensing

German antitrust law does not, in the absence of a dominant market position, restrict the owner's freedom to make use of her/his industrial property rights, and such rights include the exploitation of a patented innovation.

Selling to the Government

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Selling to German government entities is not an easy process. Although there has been a delay in implementing some facets of the EU Utility Directive, German government procurement is formally non-discriminatory and compliant with the GATT Agreement on Government Procurement and the European Community's procurement directives. That said, it is a major challenge to compete head-to-head with major German or other EU suppliers who have established long-term ties with purchasing entities.

Marketing U.S. Agricultural Products

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The Foreign Agricultural Service (FAS), of the U.S. Department of Agriculture (USDA) maintains an Agricultural Affairs Office in the American Embassy in Berlin. Services include trade contacts for German buyers looking for U.S. food and beverage products, market briefs to help U.S. firms enter and compete in the German food market, promotional materials for U.S. foods, a directory of suppliers of American foods in Europe, information on German food law, and trade show assistance for U.S. suppliers. The Agricultural Affairs Office is also responsible for agricultural trade issues such as reform of farm support, food aid, and biotechnology.

Agricultural Affairs Office
American Embassy/Berlin
Clayallee 170
14195 Berlin, Germany
Tel: [49][30] 8305 - 1150
Fax: [49][30] 8431 - 1935
Email: Agberlin@usda.gov
<http://www.usembassy.de/germany/fas/index.html>

A primary objective of the Agricultural Affairs Office is to facilitate trade in U.S. agricultural products. To meet this goal, they provide the following support and services:

- Trade Leads: Designed for German buyers looking to purchase U.S. products. More than 36,000 U.S. firms receive trade leads through this system each week.
- U.S. Supplier Listings: Lists of U.S. suppliers for use by potential German buyers.
- Buyer Alerts: Lists of specific products being offered by U.S. exporters.
- German Importers: Lists of German importers, by product sector, for use by U.S. exporters.

- **Attaché Reports:** Market briefs on selected commodities such as fish, wine, and forestry products; basic information on exporting food and agricultural products to Germany; and reports on the retail and food-processing sector in Germany.
- **USA Promotions:** Decoration and other promotional materials for use in special USA promotions.
- **Trade Shows:** Information on key trade shows being held in Germany. Also, coordinate special USA pavilions at certain food shows in Germany, and organize and recruit German buyers for U.S. food and agricultural trade shows.
- **American Food Directory:** Extensive listings of U.S. food and beverage products imported and available for sale in Germany.

The Agricultural Affairs office also works closely with numerous U.S. agricultural trade associations and U.S. firms conducting programs designed to boost foreign demand for U.S. agricultural products.

Distribution and Sales Channels

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Distribution channels are varied and similar to the United States. There are certain restrictions, however, concerning multi-level networking systems, i.e., so-called snowball or pyramid distribution systems. More information: <http://www.wettbewerbszentrale.de/>

Selling Factors/Techniques

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Success in the German market, as elsewhere around the world, requires long-term commitment to market development and sales back up, especially if U.S. companies are to overcome the geographic handicap with respect to European competitors. Germans at times perceive U.S. suppliers as tending to process a U.S. domestic order before taking care of an export sale, or being quick to bypass a local distributor to deal directly with its customer. Some German entrepreneurs with selective experience with U.S. companies are skeptical about their long-term commitment and after-sales support. U.S. firms entering Germany today are generally aware of the factors that make for a successful export relationship and are ready to establish a credible support network. However, U.S. firms should be ready to address any lingering doubts from prospective German clients/partners

Electronic Commerce

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Germany's Internet commerce sector is the European leader and is among the world's most sophisticated, totaling EUR 138 billion in 2003. It is expected to grow to EUR 732 billion by 2007. The use of the Internet by individuals and businesses in Germany is continuing to expand. More than 60 percent, or 42 million Germans older than 14 years were online in 2004. This percentage is expected to grow to 72 percent by the end of 2007.

Business-to-business (B2B) commerce accounted for EUR 123 billion in 2003 and projected to grow to EUR 651 billion by 2007. Business-to-Consumer (B2C) commerce accounted for EUR 15 billion in 2003 and forecasts believe it will grow to 82 billion in 2007. About 5 percent of German retail transactions were online sales in 2004. This number is expected to grow to 11 percent in 2007.

B2C - 36 percent of German adults realized at least one shopping transaction via the Internet in 2004. Favorite B2C products are travel, apparel, electronic devices, entertainment, books, and computer equipment. German mail order giant Otto Group is the world's number two in B2C online trade, second only to Amazon. Retailers without "physical" retail stores or those lacking brand recognition sometimes encounter difficulties when trying to win the trust of German customers. Besides trust, price and product diversity are the most important competitive factors.

B2B - Almost all German small and medium sized businesses have Internet access. Online transactions such as e-procurement are growing and Customer and Partner Relationship Management are becoming increasingly important. Most e-commerce strategies focus on quick return on investment. Revenues of industry or company specific marketplaces like SupplyOn in the automotive industry are growing after years of consolidation. The major channel for B2B transactions remains the traditional Electronic Data Interchange. Major users of B2B solutions are the automotive, retail, energy, and pharmaceutical/ chemical production industries.

Financial Services - Germans are heavy users of banking and financial sites and increasingly trust online banking services. Thirty-three percent of German adults did online banking in 2004.

E-Government - Germany offers a good number of e-government services but there is considerable scope for improvement. The German federal government plans to put all Internet-capable services of 350 federal agencies online by 2005 (<http://www.bundonline2005.de/>). The central German government online procurement website e-Vergabe launched in 2002 is available at <http://www.e-vergabe.bund.de/>.

Trade Promotion and Advertising

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Trade Fairs

Few countries in the world can match Germany when it comes to leading international trade fairs. Such a reputation should be no surprise given that the trade fair concept was born in Germany during the Middle Ages. Today, Germany hosts a major world-class trade event in virtually every industry sector, attracting buyers from around the world. Trade fairs thrive in Germany because they are true business events where contracts are negotiated and deals are consummated. U.S. exhibitors at German fairs should be prepared to take full advantage of the business opportunities presented at these events. While U.S. exhibitors and visitors can conclude transactions, all attendees can use major German trade fairs to conduct market research, see what their worldwide competition is doing, and test pricing strategies. Finally, German fairs attract buyers from throughout the world, allowing U.S. exhibitors to conduct business here with buyers from across Europe, Asia, Africa, Latin America, and even with other U.S. companies.

Both CeBIT the world's largest computer and telecommunications show, and the Hannover Trade Fair, the world's largest industrial trade fair of any kind, suffered from the September 11 aftermath, the Iraq crisis, and the burst of the telecom bubble. Nonetheless, German trade fairs, in general, still attract impressive numbers of visitors and exhibitors. This reality confirms the conviction that there is no other venue where an American company can get so much product exposure for its marketing dollar. Trade fairs also provide a U.S. company interested in entering Germany with the opportunity to research its market and the potential of its product properly before making a business

decision. Responding to the international nature of German trade shows, the U.S. Commercial Service has a broad-ranging program entitled "Showcase Europe" designed to support U.S. business interests in the expanded European Union. Focused on high priority sectors such as Aerospace; Energy; Medical Equipment, including Drugs and Pharmaceuticals; Telecommunications and Information Technologies; Environmental Technologies and Equipment; and Travel and Tourism, "Showcase Europe" provides contacts, market information, and commercial guidance for the entire European market region. What makes these programs effective and unique is, that they are conducted by trade specialists who regularly work at U.S. embassies and consulates around Europe, but come together at selected trade fairs for the sole purpose of supporting U.S. firms. "Showcase Europe" programs also address trade policy and other business interests concerns such as intellectual property rights and other market impediments to U.S. companies, which are common across Europe.

Advertising

In addition to exhibiting at major German trade fairs, advertising plays a central role in most companies, broad-based marketing programs. Regulation of advertising in Germany is a mix between basic rules and voluntary guidelines developed by the major industry associations. Legal rules were established at the beginning of the 20th century by the "Law Against Unfair Competition". Although it has been modified over time, this law continues to be valid today. This law allows suits to be brought if advertising "violates good manners".

Many advertising practices that are common in the United States, such as offering premiums, are not allowed in Germany. Any planned advertising campaigns should be discussed with a potential business partner or an advertising agency in Germany. Following is the address of the German association of advertising agencies:

Gesamtverband Kommunikationsagenturen e.V.
(German Association of Advertising Agencies)
Friedensstr. 11
60311 Frankfurt a.M.
Telephone: [49][69] 2560080
Telefax: [49][69] 236883
www.gwa.de

There are numerous technical or specialized periodicals that deal with all aspects of technology and doing business in Germany. In addition, Germany has a well-developed array of newspapers and magazines, which offer the opportunity to gather information and advertise products and services.

Pricing

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Germany has become more price-conscious, especially in consumer goods areas. Consequently, pricing is increasing in importance as a competitive factor, but quality, timely delivery and service remain equally important especially in the B2B relations.

The German commercial customer expects to be able to pick up the telephone, talk to his or her dealer, and have replacement parts or service work immediately available. U.S. exporters should avoid appointing distributors with impossibly large geographic areas, without firm commitments regarding parts inventories or service capabilities, and without agreements on dealer mark-ups.

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Germany developed very detailed laws at the end of the nineteenth century to protect industrial property, which have been subject to thorough revision under European Union auspices. The following section addresses: the protection of trademarks, patents, utility models, designs and copyrights. Further information is available from: **German Patent and Trademark Office** (Deutsches Patent-und Markenamt): www.dpma.de

Patents (Patent) are issued for technical inventions, which are new, involve an inventive step, and are susceptible to a commercial application. The term of protection is 20 years, commencing with the filing date the pertinent legal source is the Patent Act 1981 (Patentgesetz, PatentG) which has adapted the former German Patent Act to the European Patent Convention.

Trademarks (Marken) Trademarks are signs that serve to distinguish the goods and/or services of one enterprise from those of another. They enable their holders to build up, expand, and maintain a market position. Trademarks are regulated by the German Trademark Act, which covers both trademarks that are used although not registered, as well as registered trademarks. The Trademark Act further provides protection of commercial designations (trade names and other company designations, such as titles, and the trading name of works, e.g., for films and books). A German trademark is registered for ten years, after which the term can be extended for another ten-year term. Additional fees become due if the extension fee is not paid in a timely fashion.

A utility model (Gebrauchsmuster) is a registered right to technical inventions (e.g., for equipment, technical devices, chemical substances, electrical switches, etc. Unlike a patent, protection by utility model is not possible or appropriate for processes, such as production processes, measurement processes, etc.

A design patent (Geschmacksmuster) is used to protect the coloring and shape of two-dimensional or three-dimensional commercial products intended to appeal to the eye.

Copyright

The German Copyright Act (Urheberrechtsgesetz, UrhG) grants someone who creates an original work expression the right to control how that work is used. On July 1, 2002 after lengthy and public discussion the Copyright Act was amended in order to improve an author's rights for reasonable compensation as well as an author's contractual position as against the industry exploiting the author's works. Literary works, musical arrangements, graphic works, audio-visual works, compilations thereof and other works are all covered by copyright. Computer programs and databases are expressly

mentioned in the Copyright Act. German Copyright has no formal requirements. Registration is not required. Copyright protection is limited in time to 70 years after the death of the author.

The Justice Industry is preparing a further revision of the Copyright law in 2005 to improve protection against media piracy and illegal distribution.

European Trademarks

Since 1996 it has been possible to register Community Trademarks at the Office for Harmonization in the Internal Market, Alicante, Spain (www.oami.eu.int). This step often makes sense, if an enterprise seeks protection not only in one country, but in at least three or four Member States of the European Union. The Community Trademark offers financial advantages in addition to other significant advantages. One such advantage is that the use of a Community Trademark in only one Member State is sufficient to meet the requirement of use for the entire territory of the European Union. It is advisable to consider use of both, community and single country protection systems simultaneously.

European Patent Law

The European Patent Convention, in force in Germany since 1976, provides for a single, centralized and uniform procedure for granting patents in all or part of the contracting or extension States (i.e., all Member States of the European Union in addition to Monaco, Switzerland, Albania, Macedonia, Romania, Republic of Bulgaria). Once a European patent has been granted, the convention stipulates that the European patent assumes the character of individual national patents of the Member States, subject to the authority of the respective States. Patents so derived enjoy the same protection as a national patent.

Due Diligence

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Companies interested in taking over German firms should always conduct their own due diligence before entering into business ventures. One of the Commercial Service Programs, the International Company Profile has been designed to support due diligence processes. All major consulting companies offer due diligence services; most large U.S. accounting or consulting firms have subsidiaries in Germany.

Local Professional Services

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The professional services sector is comparable to the one in the United States: For all segments of business, there are professional service providers. U.S. Commercial Service Germany has started to build its own network of such companies. The Business Service Provider Directory lists experienced firms which offer services to U.S. exporters and investors interested in Germany:

http://www.buyusa.gov/germany/en/business_service_provider.html

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Agricultural Sectors

Best prospects for agricultural products

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(All figures are in metric tons, unless otherwise stated.)

- 1: Tree Nuts
- 2: Fishery Products
- 3: Wine
- 4: Pet Food
- 5: Dried Fruits
- 6: Rice

1	Tree Nuts in MT		
	2002	2003	2004 (estimated)
A) Total market	161,500	143,700	146,000
B) Production	*	*	*
C) Total exports	24,400	26,300	28,000
D) Total imports	185,900	170,000	177,000
E) Imports from the U.S.	62,700	63,200	75,000
<p>The category of tree nuts includes pistachios, almonds, pecans, hazelnuts, and walnuts. Germany does not produce significant quantities of these nuts; therefore supply is met virtually entirely by imports. Germany is the largest export market for U.S. almonds. A number of U.S. associations actively promote their products in Germany, including the Almond Board of California, California Pistachio Commission, and the California Walnut Commission. The leading competitor for the United States in the German tree nut market is Turkey. In 2003, U.S. total exports of tree nuts to Germany were valued at USD 205 million, out of a total import value of USD 574 million.</p>			

* Production of tree nuts in Germany is negligible

2	Fishery Products in MT		
	2002	2003	2004 (estimated)
A) Total market	928,221	904,950	870,000
B) Production	441,150	439,637	460,000
C) Total exports	321,063	343,171	390,000
D) Total imports	808,134	808,484	800,000
E) Imports from the U.S.	60,442	40,768	65,000

Fish and fishery products enjoy growing popularity in Germany. The two most important fishery products the U.S. exports to Germany are lobster and frozen Alaska Pollock. Shipments of the latter increased significantly after a major Germany fish processor decided to source only groundfish that was frozen on the trawler directly after catch. In 2003, U.S. total exports of fishery products to Germany were valued at USD104 million, out of a total import value of USD 2.5 billion. The biggest U.S. competitors are China (for Alaska pollock) and Canada (for lobster).

Exchange rate: 1 USD = 0.7665 Euro (February 1, 2005)

3	Wine in HL		
	2002	2003	2004 (estimated)
A) Total market	19,964	17,868	21,200
B) Production	9,885	8,110	10,800
C) Total exports	2,455	2,702	2,600
D) Total imports	12,234	12,460	13,000
E) Imports from the U.S.	303	451	470

Germany is the world's largest importer of wine, with imports totaling 12.5 million hectoliters in 2003, valued at USD 1.84 billion. The import figure represents about 54 percent of total German wine consumption. Italy, France, and Spain are the leading suppliers of wine to Germany, with a combined import market share of nearly 75 percent. U.S. wines together with other 'new-world' wines have developed an increasingly good reputation for quality in the German market. Over the previous five years the value of Germany's imports of U.S. wines grew to USD 84.7 million in 2003.

4	Pet Food in USD million		
	2002	2003	2004 (estimated)
A) Total market	2,851	2,896	2,900
B) Production	2,618	2,732	2,820
C) Total exports	1,055	1,063	1,120
D) Total imports	1,288	1,228	1,200
E) Imports from the U.S.	93	52	50
<p>Germany is one of the leading countries for pet ownership in the world. Interest in specialty, healthy foods for pets is growing rapidly. German pet owners are willing to pay premiums to properly feed their pets. The majority of pet foods are produced domestically (the market leader is a U.S. firm). However, in 2003, U.S. total exports of pet food to Germany were valued at USD 52 million, out of a total import value of USD 1.228 billion. Starting in 2004, new EU rules require that pet food be derived from meat that is fit for human consumption only. This change could affect U.S. exports of pet food.</p>			

5	Dried Fruits in MT		
	2002	2003	2004 (estimated)
A) Total market	82,230	77,606	87,000
B) Production	*	*	*
C) Total exports	6,337	7,772	8,000
D) Total imports	88,567	85,378	95,000
E) Imports from the U.S.	17,209	16,322	17,300
<p>The category of dried fruits includes prunes and raisins. Germany does not produce significant amounts of dried fruits; therefore supply is virtually met entirely by imports. Marketing efforts on the part of the California Prune Board are expected to assist in the expansion of U.S. exports to this market. More than half of the German prune imports are sourced from the U.S. The leading competitors for the United States in the German dried fruit market are Chile (prunes) and Turkey (raisins). In 2003, U.S. total exports of dried fruit to Germany were valued at USD 35 million, out of a total import value of USD 112 million.</p>			

* Production of dried fruits in Germany is negligible

6	Rice in MT		
	2002	2003	2004 (estimated)
A) Total market	216,341	215,678	210,000
B) Production	*	*	*
C) Total exports	63,997	62,207	55,000
D) Total imports	280,338	277,885	265,000
E) Imports from the U.S.	68,998	63,717	50,000
Germany does not produce rice. Thus supply is met exclusively by imports. U.S. shipments of rice to Germany were valued USD 22.6 million in 2003. Market trends indicate that Asian fragrant rice varieties are noticeably gaining market share, which is particularly at the disadvantage of U.S. long grain indica rice shipments to Europe.			

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Commercial Sectors:

Computer Software

Overview

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(In millions of USD)	2002	2003	2004 (estimated)
Total Market Size	14,344	17,018	19,480
Total Local Production	10,450	12,769	14,250
Total Exports	5,700	6,780	7,750
Total Imports	9,594	11,029	12,980
Imports from the U.S.	7,675	8,823	10,383

(Source: Bitkom)

The German market for software is the largest in Europe and ranks second in the world, after the United States. Due to lingering economic weakness, which had a negative impact on software spending, the software market decreased slightly by 0.3 percent (in EUR figures). It is anticipated however, that the market will pick up again in 2004 and 2005, with expected growth of about 3-5%. The economic recovery as well as the backlog in IT modernization are seen as the driving factors to prompt companies and institutions to invest again into software solutions. Analysts estimate that approximately 80 percent of software products sold in Germany are imported, mainly from the United States (the majority of the large U.S. software developers have subsidiaries in Germany.) There are no trade barriers obstructing sales of U.S. software. Industry-specific and niche products will continue to find good sales opportunities in Germany. However, as the European Union continues to expand as a single market, U.S. vendors will also meet growing competition from other European software vendors in the German software market.

Best Products/Services

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IT-security, Integrated Enterprise Applications to streamline back- and front-office operations; increasing investments in e-business applications and other enterprise applications such as Customer Relationship Management (CRM) technologies, Supply Chain Management Software; as well as Document Management Software (even though the ERP/DMS market is dominated by local vendors.) As companies focus on efficient business processes, there is a higher willingness to invest in cost reducing equipment such as DMS.

Opportunities

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The following industries are expected to undertake major investments for software products (due to the need to standardize and optimize business processes as well as to implement IT-security features): the public sector, the banking and insurance sector and the medical sector, although these areas are difficult to penetrate by new to market companies.

Public tenders: www.bundesausschreibungsblatt.de, www.subreport.de

Resources

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German Government Agencies:

BSI (Federal Agency for IT Security): www.bsi.de

Trade Fairs:

CeBIT: www.CeBIT.de

Systems: www.systems.de

Trade Associations:

www.bitkom.org

www.eito.com

Trade Publications:

www.computerwoche.de

www.informationweek.de

www.computerpartner.de

www.crn-online.de

Commercial Service Contact:

doris.groot@mail.doc.gov

Computer Services

Overview

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(In millions of USD)	2002	2003	2004 (estimated)
Total Sales	24,480	28,499	31,929
Sales by local firms	10,104	11,657	13,062
Sales by local firms abroad	4,406	5,082	5,746
Sales by foreign-owned firms	18,782	21,924	24,613
Sales by U.S.-owned firms	15,155	17,485	19,922

(Source: BITKOM)

The German market for IT services declined in 2002 and 2003 (in EUR terms) but is anticipated to pick up again slightly in 2004, with growth of about two percent. The major factor driving this growth is an increasing trend towards outsourcing. In addition, there is a growing demand for security and e-business project services. Most large U.S. IT services providers have facilities in Germany, and, for official statistical purposes, are counted as local firms. This also affords them national treatment from German and EU authorities. Approximately 60 percent of the overall IT-services sales are attributed to German subsidiaries of U.S. firms. While competition from local companies exists, U.S. firms are often perceived as having more experience in the IT environment and, therefore, have a head start in the business. However, as the European Union continues to expand as a single market, U.S. computer services companies will also meet growing competition from other European countries, mainly from the United Kingdom, France, and The Netherlands.

Best Products/Services

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Outsourcing services
IT-security services
E-commerce projects
BPO (Business Process Outsourcing) services

Opportunities

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The following industries are anticipated to undertake major investments for software and services (due to the need to standardize and optimize business processes as well as to implement IT-security features): Insurance sector: EAI, web services, BPO – because of legal, demographic and political changes insurance companies need more flexibility. Banking: primarily outsourcing services.

Public tenders: www.bundesausschreibungsblatt.de, www.subreport.de

Resources

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Trade Fairs:

CeBIT: www.CeBIT.de

Systems: www.systems.de

Trade Associations:

www.bitkom.org

www.eito.com

Other:

Industry research:

www.luenendonk.de

www.pac-online.de

Major trade journals:

www.computerwoche.de

www.informationweek.de

www.computerpartner.de

www.crn-online.de

Commercial Service Contact:

doris.groot@mail.doc.gov

Computer and Peripheral Equipment

Overview

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(In millions of USD)	2002	2003	2004 (estimated)
Total Market Size	26,590	26,960	27,190
Total Local Production	10,190	10,390	10,590
Total Exports	13,400	13,530	13,700
Total Imports	29,800	30,100	30,300
Imports from the U.S.	7,700	7,670	7,750

(Source: IDC)

U.S. computer products are viewed as innovative products of superior quality and leading edge technology. Despite the current economic slowdown, IDC predicts that Germany's hardware market will reach USD 28.4 billion in 2007. Germany will account for approximately one quarter of the EU's IT market in 2006. The United States is expected to retain its 2003 import share of approximately 25 percent at least until 2005. Exports exceed production due to considerable amounts of imported equipment being directly resold abroad or included as value-added equipment in locally manufactured products that are exported.

Best Products/Services

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Leading edge ICT products are sought after by German distributors. Servers, laptops, printers, W-LAN equipment, memory, and networking products.

Resources

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Government:

Federal Statistical Office: <http://www.destatis.de/>

Trade Fairs:

CeBIT, the world's largest trade fair for ICT products and services: www.cebit.de

Associations:

Association of German Electro-technical Manufacturers: www.zvei.de

Association of German Information Technology Manufacturers: www.bitkom.de

Other:

Major trade journals:

www.computerwoche.de

www.informationweek.de

www.computerpartner.de

www.crn-online.de

Commercial Service Contact:

john.lumborg@mail.doc.gov

Drugs & Pharmaceuticals

Overview

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(In millions of USD)	2002	2003	2004 (estimated)
Total Market Size	24,200	21,000	19,000
Total Local Production	23,400	24,100	24,700
Total Exports	21,000	24,000	26,600
Total Imports	21,800	20,800	20,800
Imports from the U.S.	2,547	3,307	3,6700

Germany is the world's third-largest market for pharmaceuticals, behind the United States and Japan. Expectations for 2005 reflect modest production growth as a result of continued government health reforms. Still, the overall market will grow with 2-digit increases with the rising average life expectancy driving increased senior health care demand. Major suppliers to the German market are Ireland, the United States, France, Switzerland, the United Kingdom, and Italy. Germany has over 500 local pharmaceuticals manufacturers and an additional 300 biotechnology firms specializing on the development of pharmaceuticals. Ninety percent of German pharmaceutical manufacturers have less than 500 employees. The German pharmaceutical market is very competitive and price-oriented. The exclusion of non-prescription drugs from reimbursement, the expansion of mail order supplies and multiple ownership, will further

encourage competition. The market is increasingly consumer-driven, with patients' expenditures for non-reimbursable medication valued at roughly EUR 8.2 billion in 2003. In 2003, Germany adopted legislation that reintroduced reference pricing for new, innovative, patented pharmaceuticals. U.S. companies and the U.S.' major industry association for innovative pharmaceuticals have stated that the new Fixed Reference Price System (FRP) constitutes a major threat and barrier to biomedical innovation in Germany, and restricts access by German patients to advanced life-saving medical treatments that have been and are being developed.

Best Products/Services

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Innovative and improved pharmaceuticals, generic and OTC products present best prospects for U.S. exporters. Double-digit growth in 2003 was recorded for medication treating the following segments: Blood and blood-building organs; muscular and skeletal system; cytostatics; and central nervous system. Nutritional supplements and nutraceuticals are runners-up with annual growth rates of almost 9%.

Resources

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German Government Agencies:

German Health Ministry: www.bmgs.bund.de

Federal Agency for Pharmaceuticals and Medical Products: www.bfarm.de

Federal Agency for Sera and Vaccines: <http://www.pei.de/>

Federal Institute for Risk Assessment: www.bfr.bund.de

Federal Institute for Consumer Protection and Food Safety: www.bvl.bund.de

Trade Fairs:

Expopharm: www.expopharm.de

Biotechnica: www.biotechnica.de

MEDICA: www.medica.de

Trade Associations:

BPI (Association of the German Pharmaceutical Industry): www.bpi.de

VFA (German Association of Research-Based Pharmaceutical Companies): www.vfa.de

BAH (Federal Trade Association of Pharmaceutical Manufacturers): www.bah-bonn.de

German Generics Manufacturers Association: www.generika.de

Commercial Service Contact:

anette.salama@mail.doc.gov

Medical Equipment

Overview

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(In millions of USD)	2002	2003	2004 (estimated)
Total Market Size	13,720	14,000	14,600
Total Local Production	8,620	9,170	9,500
Total Exports	8,160	9,370	9,300
Total Imports	13,260	14,200	14,400
Imports from the U.S.	4,080	4,260	4,438

The German market for medical devices is estimated at USD 14 billion, approximately 11 percent of total health expenditures. There are about 1,200 local medical device manufacturers, which produced medical devices valued at roughly USD 9.2 billion in 2003. As a result of health reform efforts and cost-containment measures, local production is expected to increase only moderately, with the total market size estimated to have grown little over 3.3 percent in the year 2004. Because of a substantive investment backlog estimated at USD 10-15 billion in practices and hospitals, the medical device market is considered a growth market and will continue to provide excellent potential for U.S. suppliers of innovative and price-competitive products. U.S. medical device exporters to Germany hold a 30 percent market share and will continue to find excellent potential in Germany and other European countries

Best Products/Services

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High quality advanced diagnostic and therapeutic equipment. The trend is toward innovative technologies such as laser-optics in vascular surgery, urology, gastrology, dermatology, and neuro-surgery, new diagnostic devices as well specialized wound care and home care products. Innovative products offering ease of use and cost savings will also be required in the fields of microsurgery, biomedicine, and radiology.

Germany's aging population will continue to fuel growth in several segments, including diabetes, home care, and orthopedic products. According to analysts, these products will only be outperformed by dental implants and hearing aids, where innovation and growth potential are especially high. As a result of increased hospital admissions and demographic developments, sales of surgical supplies and of products for incontinence also show high growth potential. Medical devices for intensive care and general nursing experienced an average increase of 3%, while dressings showed only a very modest growth of 1% due to stagnating demand.

Opportunities

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Due to the general drive towards realizing cost savings in the medical sector, major projects in this sector could not be identified. As a result of the 1993 Healthcare Reform Act, there are still no large-scale new hospital projects, but rather plans for moderately modernizing current inventories. Diagnostic centers, and the combination of practices

with private home care are attracting more attention than construction or expansion of traditional hospitals.

Resources

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German Government Agencies:

German Health Ministry: www.bmgs.bund.de

Federal Agency for Pharmaceuticals and Medical Products: www.bfarm.de

Federal Bureau for Physical-Technical Equipment: www.ptb.de

Federal Institute for Risk Assessment: www.bfr.bund.de

Federal Institute for Consumer Protection and Food Safety: www.bvl.bund.de

Trade Fairs:

MEDICA: www.medica.de

Trade Associations:

Federal Association of the Medical Devices Industry: www.bvmed.de

Federal Association of the Electro-Medical Industry: www.zvei.de/medtech

German Hospital Association: www.dkgev.de

Medical Dealers Association: www.fmp.de

Commercial Service Contact:

anette.salama@mail.doc.gov

Management Consulting Services

Overview

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(In millions of USD)	2003	2004	2005 (estimated)
Total Sales	12,200	12,400	12,550
Sales by local firms	6,110	6,250	6,300
Sales by local firms abroad	N/A	N/A	N/A
Sales by foreign-owned firms	6,090	6,150	6,250
Sales by U.S.-owned firms	4,890	4,930	5,000

(Source; BDU)

The sluggish German economy negatively affected the demand for management consulting services in Germany. For several years the market has been decreasing (2000-2002) or stagnating (2003). In 2004, however, sales figures increased slightly to EUR 12.4 billion. Growth in the 1-1.5 percent range is expected for 2005.

The top-40 management consulting companies holding a total market share of almost 50 percent appear to be suited best for upcoming opportunities and demands. Small (market share: 16%) and medium-sized companies (market share: 34%), however, are expected to continue losing sales, albeit at a smaller pace.

Forecasts predict growth potential on the employment side: Human resource and IT consultants are expected to be in high demand in 2005. In 2004, 66,800 consultants

were employed in consulting companies, of which the top forty (companies with sales of EUR 20 million and more) employ 23,000.

Best Products/Services

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Risk management, IT security, business tools for CRM (customer relationship management), and supply chain management.

Resources

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Associations;

BDU (Management Consultants) www.bdu.de

Commercial Service Contact:

andrea.stahl@mail.doc.gov

Electronic Components

Overview

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(In millions of USD)	2002	2003	2004 (estimated)
Total Market Size	15,295	17,495	21,260
Total Local Production	14,421	17,097	20,070
Total Exports	14,220	16,213	19,480
Total Imports	15,094	16,611	20,670
Imports from the U.S.	1,989	2,496	3,665

(Source: German Electrical and Electronics Manufacturers Association (ZVEI), unofficial estimates)

The German market for electronic components in 2004 was valued at USD 21.3 billion (2003: USD 17.5 billion), a strong USD-based increase of 21.7% from the previous year. For 2005, industry sources forecast slightly weaker growth (+5% in local currency terms). In 2003, the German ELC industry has been able to retain its world market share of 6% while increasing its European market share to 34.8%. Within the EU, Germany represents the largest national market for electronic components. More than half of the products and services provided by the electronic components industry are exported, 60% to Western European countries.

The active components market accounts for 65.5% of the total ELC market in Germany (USD 13.9 billion), passive components for 7.9% of the market with USD 1.7 billion in sales. The market for electromechanical components is valued at USD 3.2 billion, 15.2% of the total market. Electronic sub-assemblies accounted for USD 2.4 billion in sales, a total market share of 11.3%. Prime end-user sectors for electronic components are the automotive industry (32%), data processing (24.5%), the telecommunications (21.9%), and industrial electronics (17.5%).

Best Products/Services

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Automobiles (motor management, security, infotainment including telematics, comfort), as well as data processing and telecommunications applications are expected to guarantee market growth in the near future. Within the electronic components sector demand from the consumer electronics (2004: \$276 million) and industrial electronics industries (\$894 million) usually plays a minor role compared to the demand from the automotive industry (\$4.3 billion), telecommunication (\$3.4 billion), and data processing (\$4.4 billion).

Resources

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Trade Associations:

ZVEI (Electrical and Electronics Manufacturers Association): <http://www.zvei.de>

Trade Fairs:

Embedded World: <http://www.embedded-world-2005.de>

Sensor 2005: <http://www.sensorfairs.de>

Electronica: Global-Electronics.net

Trade publications:

[Design & Elektronik](#), [ElektronikPraxis](#), [Elektronik](#), [Elektronik Industrie](#), [Markt&Technik](#)

Other:

Customer requirement and legal regulations:

[Guidelines and Forms Version 2.1](#) on <http://www.zvei.de>

Commercial Service Contact:

Dagmar.Winkler-Helmdach@mail.doc.gov

Industrial Chemicals

Overview

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(In millions of USD)	2002	2003	2004 (estimated)
Total Market Size	74,670	83,281	88,100
Total Local Production	96,900	115,486	130,250
Total Exports	77,330	98,762	123,150
Total Imports	55,100	66,557	81,000
Imports from the U.S.	5,130	6,893	8,750

(The total German market declined from 2002-2004 in EUR. However, due to exchange rate fluctuations, the market increased USD terms. Both, the overall import market and, in particular, the U.S. share of the import market, increased significantly during this period.)

Despite the overall stagnant economic situation in Germany, German imports of U.S. chemicals have shown positive growth rates over the past few years. In view of the USD/EUR exchange rate favorable to U.S. imports, Germany offers good opportunities

for U.S. chemicals. It is the largest market for chemicals in Europe and, due to its central location in Europe, a major hub for supplying other European countries. In 2003, Germany's total chemical imports reached EUR 55.3 billion (USD 62.4 billion), EUR 6.1 billion (USD 6.8 billion) of which originated from the United States, an increase of 13.1% over the previous year. Statistics for the first three quarters of 2004, the latest available, show a growth for U.S. chemical imports of 18.2% over the same period in 2003.

Best Products/Services

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The German market is especially receptive to U.S. chemical products in the fields of coatings, additives, petrochemicals and innovations. Good quality products priced moderately have good market chances. In addition, industry insiders report an increased interest in petrochemical products, chemical solids, and agricultural substances.

Opportunities

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Demand in the German chemical sector is usually generated by the German processing industries. Consequently, the market opportunities largely depend on the market situation in the industries the chemical sector is supplying. Industry experts expect that the German chemical market will show a positive trend throughout 2005.

Resources

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German Government Agencies:

Federal Statistical Office: <http://www.destatis.de/>

Trade Fairs:

European Coatings: <http://www.european-coatings-show.de/main/d3zq4nl0/page.html>

Trade Associations:

Chemical Industry Association: <http://www.vci.de/>

Commercial Service Contact:

Kirsten.Hentschel@mail.doc.gov

Automotive Parts and Services

Overview

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(In millions of USD)	2002	2003	2004 (estimated)
Total Market Size	34,801	35,492	36,300
Total Local Production	41,608	42,440	43,300
Total Exports	16,660	16,826	17,000
Total Imports	9,853	9,878	10,000
Imports from the U.S.	1,796	1,801	1,850

(Source: GAI)

The automobile industry remains one of the driving forces behind potential economic growth in Germany. While the domestic market for automobiles stagnated, German exports increased slightly. Because of increased global sourcing by German manufacturers, and a favorable EUR-USD exchange rate, U.S. parts manufacturers were able to increase their exports to Germany. Orders for new vehicles have increased over the last months, indicating that the market may be starting to recover.

Best Products/Services

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Engine electronics
Multi-media products
Forged and pressed parts

Resources

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Trade Fairs:

IAA: www.vda.de

Automechanika: www.messefrankfurt.com

Trade Associations:

VDA (German Automobile Association): www.vda.de

ZKF (Central Association for Car and Body Technology): www.zkf.de

Central Association for German Motor Trades and Repair: www.kfzgewerbe.de

Commercial Service Contact:

Paul.Warren-Smith@mail.doc.gov

Franchising

Overview

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(In millions of USD)	2002	2003	2004 (estimated)
Total Sales	21,375	23,892	27,250
Sales by local firms	17,100	19,048	21,750
Sales by local firms abroad	N/A	N/A	N/A
Sales by foreign-owned firms	4,275	4,844	5,500
Sales by U.S.-owned firms	2,225	2,547	2,900

(Source: German Franchise Association)

The German franchise industry continues to be seen as an area with increasing growth. Franchisers, franchisees, the total number of employees within the entire industry, as well as sales have increased over the last few years. In the beginning of 2004, there were approximately 43,000 franchisees operating under the framework of 830 different franchise systems. The German franchise industry employs approximately 445,000 persons. The total sales volume of the German franchise industry is steadily increasing, with total revenues in 2003 of around USD 23.9 billion. An anticipated moderate annual growth of approximately 3.2% in 2004 figures as a 14.2% increase in USD currency, due to the strength of the Euro. The service sector represented the largest block, accounting for 56% of the total franchising industry. The second largest industry group is the trade sector with 24%. These sectors are followed by the hotel and restaurant industry, which comprises 13%, and the handicrafts industry with 7%.

Franchise systems are at least equally as difficult to introduce in Germany as in other major, non-English speaking EU countries (France, Spain and Italy). U.S. franchisers must be prepared to adapt to required market norms and standards, invest in market research, test market receptivity through pilot projects, and adjust their concepts to German business practices and consumer tastes.

Best Products/Services

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Training and educational services; express delivery services (all types); theme bistros/restaurants; office management, accounting and tax services; maintenance, cleaning and sanitation services; advertising; telecommunication products and services; energy saving products and services; retail stores (specialized); home care services; environmental services.

Opportunities

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The German federal government and the individual German states encourage commercial investments through subsidized loan programs, depreciation allowances, various types of investment grants and tax incentives. Although large banks have become more restrictive in the granting of funds as a result of the continuing economic

stagnation recession, U.S. franchisers can profit from the knowledge that financial assistance is available to support prospective franchisees.

For American franchisers wishing to find potential master/area franchisees, the Commercial Service offers the "Franchise Partner Search Service" (FPS), a program tailored specifically to the needs of U.S. franchisers in locating suitable franchise partners in Germany. Another useful approach could be to contact one of the German consulting firms specialized in franchising and registered with the German Franchise Association. A third possibility is to advertise in one of the German magazines distributed nationally, industry-specific magazines, or to present the company's concept via one of Germany's three Internet websites that specialize in franchising.

Resources

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Trade Associations:

German Franchise Association: <http://dfv-franchise.de>

Other:

Trade Publications:

<http://www.franchise-net.de>,

<http://www.franchiseportal.de>,

<http://www.franchise-world.de>

Law and Accounting Firms:

<http://dfv-franchise.de>, <http://www.franchiserecht.de>

Financing:

<http://www.bvk-ev.de>

U.S. Commercial Service Contact:

Dagmar.Winkler-Helmdach@mail.doc.gov

Telecommunications Equipment

Overview

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(In millions of USD)	2002	2003	2004 (estimated)
Total Market Size	14,200	15,700	17,300
Total Local Production	15,200	15,500	17,600
Total Exports	8,000	8,000	9,000
Total Imports	7,000	7,000	8,700
Imports from the U.S.	1,300	1,300	1,500

Source: RegTP, EITO

Despite both turmoil and stagnation in the industry, telecommunications is still widely regarded as one of the driving forces behind potential economic growth in Germany. Whether in the areas of multi-media, mobile communications, or the Internet, telecommunications is key to unlocking German potential for future economic development. Germany has not only been one of the fastest growing markets for mobile equipment - there are more mobile than fixed-line subscribers - but is also very well

prepared for any future technology in the telecommunications sector. Thousands of miles of high quality fiber optical cable make the country ready for the application of the future. The United States is Germany's most important import source for telecommunications equipment.

Best Products/Services

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Broadband Equipment and Services
W-Lan Equipment and Services
UMTS Services

Opportunities

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Germany still lags behind the rest of the EU in broadband deployment. Once political and regulatory hurdles have overcome, broadband technologies (DSL and TV cable) will offer considerable opportunities for suppliers of technology and services.

Resources

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German Government Agencies:

German Regulatory Authority: www.regtp.de

Trade Fairs:

CeBIT, the world's largest trade fair for ICT products and services: www.cebit.de

Trade Associations:

Electro-technical Manufacturers: www.zvei.de

German Information Technology Manufacturers: www.bitkom.de

German telecommunications service providers: www.vatm.de

Commercial Service Contact:

Volker.Wirsdorf@mail.doc.gov

Air Conditioning and Refrigeration

Overview

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(In millions of USD)	2002	2003	2004 (estimated)
Total Market Size	6,750	8,470	9,900
Total Local Production	8,170	10,280	11,750
Total Exports	4,650	5,650	6,600
Total Imports	3,320	3,840	4,750
Imports from the U.S.	105	192	240

(Source: VDMA)

The German market for air conditioning and refrigeration, the largest in the EU, stagnated in 2003, because of weak demand from the construction industry. Despite overall economic difficulties, modest market growth is anticipated for the near future, due

to environmental regulations regarding the use of refrigerants, an increasing focus on energy savings, and on health and productivity at workspace. These factors require modernization or replacement of old equipment. The United States accounts for approximately five percent of total imports. However, U.S. companies face strong competition from EU countries, which account for half of the total imports, and from East Asia, especially in the mobile conditioning area.

Best Products/Services

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Energy efficient systems and plants, CO2 reduction equipment, heat pump technology Absorption equipment for medium and lower power range, gas-powered systems, air handling units, natural refrigerants, CO2 as a refrigerant, CO2 compressors.

Opportunities

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Public tenders: www.bundesausschreibungsblatt.de, www.subreport.de

Resources

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Trade Fairs:

IKK: (Cooling and Air Conditioning) www.ikk-tradefair.com

ISH: (Building and Energy) <http://ish.messefrankfurt.com/frankfurt/en/home.html>

Trade Associations:

VDMA (Machinery and Plant Manufacturers): www.vdma.de

VDKF (Associations of Installation Companies) www.vdkf.com

DKV (Cooling and Air Conditioning Equipment): www.dkv.org

FGK (Air Conditioning for Buildings) www.fgk.de

Trade Publications:

www.cci-promotor.de

www.gentnerverlag.de

www.huethig.de

Commercial Service Contact:

doris.groot@mail.doc.gov

Sporting Goods

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(In millions of USD)	2002	2003 (e)	2004 (estimated)
Total Market Size	8,250	8,310	8,500
Total Local Production	6,300	6,310	6,500
Total Exports	1,700	1,690	1,700
Total Imports	3,650	3,690	3,800
Imports from the U.S.	675	680	700

Germany is Europe's largest sporting goods equipment market and a very sport-minded country. There are no fewer than 86,000 clubs, with nearly 26 million members, associated with the "Deutscher Sportbund" (German Sports Federation). It is through the programs of these clubs, rather than within school programs familiar to Americans, that both hobbyists and elite athletes are supported and developed. Excellent opportunities exist for U.S. firms in the German sporting goods market. American sporting goods products, especially those that are "Made in the USA", continue to set trends and enjoy great popularity in Germany.

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Fitness Equipment
Skateboards and Accessories

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In 2003, Germans spent USD 8.2 billion for sporting goods and sporting fashions. Germany's 82 million inhabitants have traditionally been active sports enthusiasts. Sports, that have the best outlook for growth in the next few years: Fitness (19%), Outdoor Sports (17%), Soccer (13%), Team Sports (12%) and Golf (9%).

Resources

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Trade Fairs:

ispo, www.ispo.com
FIBO, www.fibo-messe.com
IFMA Cologne, www.ifma-cologne.de
GOLF EUROPE, www.golf-europe.com
FAIRWAY, www.fairway.de

Trade Associations:

German Golf Association: <http://www.golf.de/>

Commercial Service Contact:

Bernd.Kietz@mail.doc.gov

Travel & Tourism

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(In millions of USD)	2002	2003	2004
Total Market Size	52,500	59,300	72,500
Local Sales	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A
U.S. Expenditure by German Tourists	2,698	2,617	N/A

Travel to the United States from Germany is set to hold its own thanks to the strong Euro and the creative packaging and promotional activities of German tour operators and their U.S. industry partners. In 2003, 1,180,000 Germans visited the United States. Germany ranked third behind the UK and Japan for overseas visitors to the United States in 2004 (1,132,848 visitors from Jan.- October 2004). Bookings from Germany for the first 10 months of 2004 were up 14.2% over 2003. The prediction by the Office of Travel and Tourism Industries of the U.S. Department of Commerce of 7% growth in 2004 is likely to be exceeded. Total growth from 2003 to 2007 is predicted to be 29%.

German expenditure for travel abroad has returned to the record levels of 2001 and is predicted to increase in 2005 by 2%. Despite a loss in purchasing power, Germans are still the world's number one travelers per capita and are expected to take advantage of the strong Euro to visit the United States.

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Flexible itinerary elements for FITs, innovative and unique study tours, value-added accommodation and rental offers, Native American inventory packaged with local attractions and service providers, which should be activity-based rather than language dependent, sports packages, both spectator and participatory, incentives for small groups.

Resources

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Government:

www.usembassy.de/visa Entry and visa regulations information

Trade Fairs:

Reisen Hamburg, www.hamburg-messe.de/reisen

Reise Camping Essen, www.reise-camping.de

CBR Munich, www.c-b-r-muenchen.de

ITB Berlin, www.itb-berlin.com

IMEX Frankfurt, www.imex-frankfurt.de

Reisen u. Freizeit Friedrichshafen, www.reisenfreizeit.de

Touristik & Camping Leipzig, www.tmsmessen.de/de/tc

Reisemarkt Cologne, www.reisemarkt-koeln.de

Reisemarkt Rhein NeckarPfalz, www.tmsmessen.de

CMT Stuttgart, www.messe-stuttgart.de/cmt

Other:

www.usa.de German language consumer travel website on USA

www.vusa-germany.de Official site of the Visit USA Committee Germany e.V.

Commercial Service Contact:

elizabeth.powell@mail.doc.gov

Biotechnology

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	(In millions of USD)	2002	2003	2004 (estimated)
A)	Total sales related to Biotechnology (incl. the estimated sales of the biotech segments of big pharmaceutical companies)	21,100	22,490	23,200
B)	Total sales of German core biotech companies	1,014	1,020	1,100

Biotechnology is widely seen as a candidate to lead a breakout from the current stagnation of Germany's economy. While agricultural applications ("green biotech") remain a complex and problematic sub-sector in Germany (the US Government has brought a WTO case against the EU; and where the German federal government has been restrictive, some German states foster promoting green biotech), pharmaceutical applications ("red biotech") continue to be promoted. The German incubator model of private capital and state funding which once led Germany to European leadership of the sector, is stalling. While annual German biotech sales have stagnated over the past two years, there is now increased optimism. In 2004 the first German biotechnology company received marketing authorization for their prostate cancer treatment in Germany and in the U.S. The number of Biotech firms in Germany slightly decreased in 2004, from 360 to 350.

Also in 2004, a "High Tech Master Plan" for the sector was introduced by the German government, providing \$575 million to strengthen the country as a magnet for technology. The Plan seeks to create a competitive tax system and improve access to venture capital. The current German climate does offer good prospects for in-licensing German start-up technology, biotech-to-biotech consolidation, and out-licensing to Germany's pharmaceutical majors. The difficulty in classifying biotech products and the plethora of institutions engaged in biotech make precise statistics for the field scarce. The most accurate figures available are of annual sales.

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Product companies in the field of cardio-, cancer- and neuro-therapeutics are expected to perform best on the German market in the near term as no German biotech products have yet been marketed commercially.

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Trade Fairs:

BioAnalytica, <http://www.analytica-world.com>

Biotechnica, <http://www.biotechnica.de>

Trade Associations:

European Private Equity & Venture Capital Association,
<http://www.evca.com/html/home.asp>
BVK (Association of Equity Firms), <http://www.bvk-ev.de/>
Dechema (Chemical Manufacturers), <http://www.dechema.de/>
VCI (Chemical Industries), <http://www.vci.de/>

Commercial Service Contact:

Sebastian.Koehler@mail.doc.gov

Scientific and Laboratory Instrumentation**Overview**[Return to top](#)

(In millions of USD)	2002	2003	2004 (estimated)
Total Market Size	3,800	4,020	4,130
Total Local Production	4,570	4,822	5,180
Total Exports	2,300	2,412	2,650
Total Imports	1,530	1,610	1,600
Imports from the U.S.	700	710	750

The market for scientific and laboratory instruments (S&LI) is supported by growth in the pharmaceutical, nutraceutical and environmental industries, as well as in biotechnology and the food processing industries. Private testing laboratories offering drug analysis constitute a growing market. S&LI usage is rising rapidly in many areas, including pollution monitoring and industrial quality control. On-line analytical instruments are penetrating the traditional process control market, as customers require faster and more accurate data to improve control of product processes for better quality and less waste.

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Laser and opto-electronic instrumentation, laboratory automation and information systems (LIMS), and the broad spectrum of chromatographic technologies.

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Due to the strong export orientation of German manufacturers - 60 percent of the annual production output is exported - the industry depends greatly on imported technologies, significantly from the U.S. With an import market share of 45 percent, the United States continues to be by far the No.1 foreign supplier of S&LI to Germany.

Resources[Return to top](#)**Trade Fairs:**

Achema (Chemical Engineering, Environmental Protection and Biotechnology),
<http://www.achema.de/ACHEMA-lang-en.html>
Analytika (Instrumental analysis, laboratory technology and biotechnology),
<http://www.analytika-world.com>

Intergeo (Geodesy, Geoinformation and Land Management),
<http://www.intergeo.de/englisch/fachmesse/allgemeininfos.htm>
Interkama (Automation technology), http://www.hannovermesse.de/interkama_e?x=1
Laser 2005 (World of Photonics: <http://www.global-electronics.net/id/23988>
Medica, www.medica.de
Optatec (Optical Technologies, Components, Systems and Manufacturing),
http://www.schall-messen.de/_s/optatec/

Trade Associations:

Association of German Electrotechnical Manufacturers ZVEI, <http://www.zvei.org>
European Optical Society, www.europeanopticalsociety.de
Spectaris (Optical, Medical and Mechatronical Technologies Inc.), www.spectaris.de
VDE (Electrical, Electronic and Information Technologies), <http://www.vde.de/>
AIF(Federation of Industrial Cooperative Research Associations), www.aif.de

Other:

Fraunhofer Institut für Angewandte Optik und Feinmechanik IOF, www.fhg.de
Fraunhofer-Institut für Lasertechnik ILT, www.ilt.fraunhofer.de
VDI Technologiezentrum GmbH, www.kompetenznetze.de

Commercial Service Contact:

Anja.Norman@mail.doc.gov

Electronic Industry Production and Test Equipment**Overview**[Return to top](#)

(In millions of USD)	2002	2003	2004 (estimated)
Total Market Size	4,351	6,260	6,560
Total Local Production	7,565	10,065	11,290
Total Exports	6,194	7,710	9,100
Total Imports	2,980	3,905	4,370
Imports from the U.S.	510	586	656

The electronic industry production market in Germany is displaying positive signals and is expected to grow 24% (based on dollar value) in 2004, reaching a value of USD 3.33 billion, following on 25% growth in 2003. When considering the shift of markets within the global industry, Germany has remained stable and retains 50% of EU production, valued at USD 6.8 billion. Around 90% of the products produced in Germany are exported, of which 50% go to Western European countries.

The test equipment market has gone through two years of reduction, a decrease of 10% in 2002 and 2% in 2003, again based on dollar value. Industry experts forecast the market to have stabilized in 2004 at USD 290 million.

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The German electronic production and test equipment market has been able to retain its world market share due in large part to the automotive industry. It remains one of Germany's leading sectors and retains a sizeable production base in country. The main areas of growth in the electronics industry are expected to be spurred by the growing distribution of flash memory chips, image sensors (cameras, mobile telephones, automotive), and selected product groups such as optics, DSP's and MOS-Logic.

The electronics industry in Germany is very research-intensive, making it a receptive market for U.S. test equipment. Growth is expected in markets such as signal-analysis and mobile test equipment, especially in the area of UMTS.

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Trade Fairs:

SEMICON Europa 2005, www.semi.org

SMT/Hybrid/Packaging 2005, www.smt-exhibition.com

Sensor 2005, www.sensorfairs.de

Test 2005, www.sensorfairs.de

PRODUCTRONICA, www.productronica.de

Trade Associations:

VDMA (German Engineering Federation), www.vdma.org

ZVEI (German Electrical and Electronic Manufacturers Association), www.zvei.de

SEMI (Semiconductor Equipment and Materials Industry), www.semi.org

Commercial Service Contact:

kelly.smith-glover@mail.doc.gov

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Chapter 5: Trade Regulations and Standards

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Import Tariffs

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U.S. exporters seeking to enter the German market can obtain useful information from the Office of European Union and Regional Affairs at the U.S. Department of Commerce. When provided with a product's Schedule B Number, the Office for EU and Regional Affairs supplies tariff information for American products exported to Germany. The Office's phone number is 1-800 USA TRADE or (202) 482-0543. For the Schedule B Number, please contact the [Bureau of the Census](#)

An alternative source for EU customs tariffs is
http://europa.eu.int/comm/taxation_customs/dds/de/home.htm

A general overview of customs issues can also be obtained by visiting the following web page: www.export.gov (TIC Trade Information Center, U.S. Department of Commerce).

Import Turnover Tax

All industrial imports into Germany are subject to an "Import Turnover Tax" of 16%, which is charged on the duty-paid value of the import article plus the customs duty, which varies by item. (Exemptions: certain agricultural and a few other products, which are taxed 7% ad valorem). The Import Turnover Tax is designed to place the same tax burden on imported goods as goods produced domestically, on which is levied a 16% "Value-added Tax" (VAT). Both customs duty and Import Turnover Tax are collected by the German customs authorities.

It is important, however, to collect and present all invoices as originals in order to deduct any VAT charges from one's own tax liability or to get reimbursed by the German Ministry of Finance, if eligible.

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Germany's regulations and bureaucratic procedures can be a difficult hurdle for companies wishing to enter the market and require close attention by U.S. exporters. Complex safety standards, not normally discriminatory but sometimes zealously applied, complicate access to the market for many U.S. products. U.S. suppliers are well advised to do their homework thoroughly and make sure they know precisely which standards apply to their product, and that they obtain timely testing and certification.

Import Requirements and Documentation

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Imported goods must be accompanied by a customs declaration, which has to be submitted in writing and an invoice in duplicate. Normally the German importer files this declaration. The commercial invoice must show the country of purchase and the country of origin of the goods. The invoice should contain:

- Name (company) and address of seller and buyer;
- Place and date of issue;
- Number, kind of packages;
- Precise description of articles
- Volume or quantity in normal commercial units;
- Invoice price (in invoice currency);
- Terms of delivery and
- Payment.

In addition, a certificate of origin may be required in some cases.

Import duties and taxes are subject to change and companies are well advised to verify the correct tariff level shortly before carrying out any export transaction. For further information, including current customs tariffs please visit:

<http://www.zoll.de/>

http://www.germany-info.org/relaunch/info/consular_services/customs/tariff.html

Agricultural Products

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General Veterinary Requirements: In April 1997, the U.S. and the EU reached an agreement on an overall framework for recognizing as equivalent each other's veterinary inspection systems. Progress made should open new trade opportunities for red meat and preserve most existing trade in products such as pet food, and dairy and egg products. The veterinary equivalency agreement covers more than USD1.5 billion in U.S. animal product exports to the EU and an equal value of EU exports to the United States. Despite this progress and a ruling in favor of the United States by the WTO, the EU continues to bar imports of red meat.

All beef and pork exported to Germany for human consumption must come from slaughterhouses, cutting plants, and cold stores approved for export to the EU. Since

1989, the EU has prohibited importation of beef from cattle treated with growth hormones. Soon after this ban went into effect, an agreement was reached between the United States and the EU that allows American producers of beef from animals not treated with hormones to export to the EU. Under the terms of this agreement, the cattle must come from an EU-approved source, and the animals must be slaughtered in a slaughterhouse that has been approved by the EU for handling untreated beef.

Beef: The EU beef market is largely insulated from the world market by high import duties on most products. Import opportunities do exist, however, for selected products that are covered by fixed, relatively low tariffs or special quota. Most notably, the EU grants market access for annual imports of up to 11,500 MT of beef from the United States and Canada under its high-quality beef (HQB) quota at a duty of 20 percent.

Pork: Selected market opportunities exist for imports of pork. Market access within the EU has been improved through the creation of a tariff-rate quota totaling 66,500 MT by the year 2000, including a 39,000 MT allocation for tenderloins, boneless loins, and boneless hams.

Poultry: Unfortunately, U.S. and EU negotiators were not able to reach agreement on a number of important points during the veterinary equivalency negotiations, particularly in the poultry sector. The most contentious issue in the negotiations concerned the use in the United States of chlorinated water and other anti-microbial treatments in poultry processing. Most forms of anti-microbial treatments are prohibited in the EU. The EU's ban on anti-microbial treatments effectively blocks U.S. poultry exports to the EU, which were estimated at USD50 million in 1996.

Dairy Products: The veterinary agreement allows for the resumption of U.S. dairy product exports to Germany, which had been banned for more than one year. Under the Uruguay Round Agreement, the variable levy on dairy products has been replaced by a fixed tariff equivalent.

Pet food: Since 2004, U.S. pet food exports to the EU have had to comply with EU regulation 1774/2002. This regulation requires that animal by-products used in the production of feeds and pet food be derived from the carcasses of animal declared fit for human consumption following veterinary inspection. Provisions include a ban on intra-species recycling and fallen stock and restrictions on yellow grease. Certain categories of pet food have to be denatured with specified substances. Pet food plants have to be dedicated to production of product fit for human consumption.

Plant Health: As part of the Single Market exercise, plant health regulations in the twenty five European Union Member States have been harmonized. The new regulations went into effect on June 1, 1993 for the original 15 members and in 2004 for the new accession countries. The EU has been successful in reducing the number of phytosanitary restrictions, and new marketing opportunities have been created for U.S. horticultural exports. Phytosanitary certificates are required for most fresh products.

With respect to the use of solid wooden packing materials (SWPM), it is important to mention that the EU is considering requiring that all SWPM has to be either heat treated or fumigated and free of bark. EU scientists fear that originally properly treated SWPM are at risk for re-infestation. International plant protection standards as agreed to by the

United States do not require the absence of bark. Exporters should carefully follow the status of EU import requirements to avoid problems at the port of entry into the EU.

Horticultural Products: Germany is an important market for United States horticultural products. Principal products include almonds, walnuts, pistachios, prunes, raisins, citrus, and pears. Horticultural products entering Germany face a number of border restrictions. In addition to considerable tariffs that vary by product, imports of selected produce (tomatoes, cucumber, artichokes, zucchini squash, citrus, table grapes, apples, pears, apricots, cherries, peaches, nectarines and plums) are subject to an entry price system. Under such a system, imports that have a price at or above the respective entry price are assessed only the appropriate ad valorem duty. Imports, which have a price below but within a certain range of the entry price, are assessed the ad valorem duty plus a specific duty that is the difference between the import price and the entry price. "Within a certain range" generally means within eight percent of the entry price. Imports having a price more than eight percent below the entry price are assessed the ad valorem duty plus a very large specific duty (known as the tariff equivalent) which generally takes the cost of the product (import price plus duties) far above the entry price.

Organic Products: There is a growing market within Germany for certified organic products. Since July 1992, EU-wide regulations on marketing organic products have been in effect. Administrative hurdles still slow down the development of this promising import market. The U.S. National Organic Program Final Rule became effective April 21, 2001 for full implementation in October 2002. Adherence should help to reduce bureaucratic requirements for trade in certified organic products with the European Union. However, until the EU and the U.S. negotiate an organic equivalency agreement, importers must work through German authorities to submit oversight information on certified organic products on a case-by-case basis. In 2004, the EU implemented an Action Plan to promote the production and consumption of organically grown and produced foods. Since this is a very generic promotion program suppliers of organic products worldwide should also be able to take advantage. It is the German political goal that 20 percent of the food national market should be filled with organic products. Currently about 4 percent of German agricultural output is organic.

Consumer-Ready Products: Imports of consumer-ready food products into Germany face many market access restrictions and very strict food laws. In addition to bound import duties, the EU has established a complex system of border protection measures for food products. Since prices for basic agricultural commodities such as dairy products, sugar and cereals are considerably higher than world market prices, the EU maintains a mechanism to protect European consumer-ready food products from imports made with lower-price inputs. Therefore, most processed products entering the EU are subject to additional import charges based on the percentage of sugar, milk fat, milk protein and starch in the product. These additional import charges have made many imported processed food products non-competitive in the EU market. Reports on the German retail and gastronomy sectors are available under "attaché reports" at <http://www.fas.usda.gov/scriptsw/attacherep/default.asp>

Packaging Disposal: With the tremendous growth of waste and increasing disposal problems, Germany has established legislation, which contains certain rules for the disposal of packaging materials. In response to this legislation, a cooperative effort for the collection and recycling of packaging materials was initiated. The organization involved is called the "Duales System Deutschland" and it administers the use of the

"Green Dot," a recycling symbol that is found on the packaging material of virtually all products sold in Germany. While packaging materials for products sold in Germany are not legally required to carry the Green Dot, it is almost impossible to market a product in Germany without it. Typically, the importer pays a license fee to the user of the Green Dot, dependent on the type and amount of packaging, and provides the exporter with the information necessary. In 2003, German retailers began requesting a deposit for disposable or "one-way" drink packages, i.e., soft drink or beer cans. Since the requested deposit is about three times as high as that requested for returnable beer bottles, it could disadvantage imported drinks.

U.S. Agricultural Commodity Associations Active in Germany

A number of U.S. agricultural commodity and other trade associations conduct market development programs in Germany. In some cases, these associations maintain staffed field offices in Germany, others may have a trade representative or public relations company representing their interests, and others may cover Germany from other European offices or from offices in the United States. The USDA-operated Market Access Program (MAP) and Foreign Market Development program (FMD) provides a portion of the funding for the market development programs of these associations. If you would like more information about the MAP and FMD program or would like to know more about which associations are active in Germany please contact the Office of Agricultural Affairs at the U.S. Embassy in Berlin (see first section for phone, address and e-mail).

U.S. Export Controls

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The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies is one of four multilateral export control regimes in which the United States and Germany participate. The Arrangement's purpose is to contribute to regional and international security and stability by promoting transparency and greater responsibility in transfers of conventional arms and dual-use (i.e., those having both civil and military uses) goods and technologies to prevent destabilizing accumulations of those items. The Wassenaar Arrangement establishes lists of items for which member countries are to apply export controls. Member governments implement these controls to ensure that transfers of the controlled items do not contribute to the development or enhancement of military capabilities that undermine the goals of the Arrangement and are not diverted to support such capabilities. In addition, the Wassenaar Arrangement imposes some reporting requirements on its member governments.

The U.S. Government controls all items for export that are controlled multilaterally by the Wassenaar Arrangement. In general, export controls for dual-use goods and technologies controlled in the Wassenaar Arrangement are administered by the U.S. Department of Commerce and controlled for national security reasons on the Commerce Control List. The U.S. Department of State administers export controls on conventional arms.

More information under: <http://www.bxa.doc.gov/>

Temporary Entry

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For temporary entry it is usually advisable to purchase an ATA Carnet. The ATA Carnet, which allows for the temporary, duty-free entry of goods into over 50 countries, is issued by the United States Council for International Business by appointment of the U.S. Customs Service: <http://www.uscib.org/>

Customs Contact Information

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The website of the German Customs Authorities is: <http://www.zoll.de/>

Standards

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Most manufacturers believe the EU's attempt to harmonize the various product safety requirements and related standards for industrial products of its member states has generally helped open member state markets. It did not, however, get entirely rid of voluntary national requirements, a fact which complicates the issue. Theoretically, during a transition period national requirements must be met. (After the transition period, the Europe-wide "CE" mark supersedes all other compliance certificates, provided the products in question are covered by an EU-directive.) The EU's efforts to harmonize standards through the "New Approach" certification-facilitating directives (and separately developed European standards) are incomplete as far as sectors covered. In some cases, U.S. firms, e.g., in the automotive or pharmaceutical sectors, will have to worry about complying with the specific requirements of all applicable "Old Approach" product-specific EU technical legislation.

This is doubly important because, to the extent EU-wide standards are developed, there is a high probability that the existing German standard will form the basis for the eventual European standard. In many cases, Germany will also be the first Member country to implement EU-wide standards. The implementation of electromagnetic compatibility standards (EMC), despite a five-year phase-in period, surprised many affected companies - not only foreign but also German - with the result that accredited test laboratories are booked for months and market introduction for some products is delayed considerably.

German buyers may require additional performance or quality marks, which are not necessarily legally required, but greatly enhance a product's chances to be marketed.

Both EU requirements and the standards for a German quality or performance mark will, in many cases, require an imported product to be modified. Even if the product does not require modification, it may require testing and certification before it can be marketed.

Two non-mandatory marks which may still be critical to successful marketing of a product in Germany are the "geprüfte Sicherheit" (GS) mark, for mechanical products, and the "Verband Deutscher Elektrotechniker" (VDE) mark for electrical components. It should be emphasized that neither the "GS" nor the "VDE" mark are mandatory for most products sold in Germany. The exception is for products for use in certain work place applications, where these marks are required to meet insurance requirements. However, many German consumers look for these marks as an additional quality sign, similar to the UL mark in U.S., regardless of legal requirement.

Standards Organizations

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The German organization that compiles the standards laying down the requirements for a "GS" mark is the "Deutscher Industrie Normenausschuss - DIN" (German Standards Institute, www.din.de). Since 1975, DIN has been recognized by the German government as the national standards body and represents Germany's interests at international and EU level.

DIN offers a forum in which interested parties meet in order to discuss and define their specific standardization requirements and to record the results as German Standards.

According to DIN, standards are designed to promote rationalization, quality assurance, safety, and environmental protection as well as improving communication between industry, technology, science, government, and the public domain.

In DIN, standard work is carried out by some 26,000 external experts, serving as voluntary delegates in more than 4,000 committees. Draft standards are published for public comment, and all comments are reviewed before final publication of the standard. Published standards are reviewed for continuing relevance at least every five years.

The input of external experts into standardization is organized in standards committees and working groups. Each standards committee is responsible for a distinct area of activity and also coordinates the corresponding standardization work at European and international level. As a rule, the standards committee in DIN comprises a number of technical sub-committees. There are currently 76 standards committees that maintain their own websites. Basic details of their area of activity and a list of the standards are published in English. Links to these committees are available on the [DIN website](#).

Conformity Assessment

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Accreditation of conformity assessment bodies

Conformity assessment bodies evaluate the competence of German entities to carry out tests and certifications in accordance with third country law. Following a successful appraisal, the bodies are accredited and designated to a Federal Ministry conformity assessment body indicating their scope.

EC agreements with third countries

The Mutual Recognition Agreements on Conformity Assessment (MRAs) form the basis of the accreditation and designation of conformity assessment bodies. These agreements stipulate that the authority in the importing country recognizes the evaluation of devices or quality management systems conducted by a conformity assessment body located in the exporting country. This means that European manufacturers can receive confirmation of compliance with third country regulations from EU conformity assessment bodies. The agreements imply the mutual acceptance of conformity assessment bodies and systems. They do not however imply mutual recognition (harmonization) of regulation. Thus, the regulations of the importing contract party apply.

MRA with the United States

The Agreement on Mutual Recognition with the United States of America was signed with the EU on May 18, 1998, and came into effect June 22, 1998.

The [texts of the agreement](http://europa.eu.int/comm/trade/issues/sectoral/industry/tbt/docs/0713mra-usen.pdf) and further information can be found on the EU website, <http://europa.eu.int/comm/trade/issues/sectoral/industry/tbt/docs/0713mra-usen.pdf>. All conformity assessment bodies accredited are obliged to participate in the confidence-building exercises and in the national MRA information exchange. This is incorporated in the [information exchange](#) of the notified bodies in accordance with the Medical Devices Law (EK-Med).

Recognized conformity assessment bodies

An overview of existing recognized conformity assessment bodies can be found on the website of the European Commission, http://europa.eu.int/index_en.htm

Product Certification

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Organizations responsible for testing and certification are, for example, Underwriters Laboratories or the "Technischer Überwachungsverein e.V. - TÜV" (Technical Inspection Association). TÜVs are private companies set up by various German states to inspect and test products for compliance with German safety standards. Individual TÜVs have also been authorized by the German Government to test products for compliance with EU legislation, and many have established representative offices in the United States. Within the DIN group of companies, certification services are offered by: DIN CERTCO (product and services certification), and DQS (management systems).

For the VDE (Association for Electrical, Electronic & Information Technologies) mark, which is applicable for electrical products only, companies can obtain information directly from the VDE (for contact information please see below).

The process for "VDE" certification is the same as that of the "GS" mark. Firms interested in certification should contact a U.S.-based test laboratory or a Conformity Assessment Body (see: <http://ts.nist.gov/ts/htdocs/210/gsig/emc-cabs-mar02.pdf>).

Self-Certification

For certain products, self-certification by manufacturers (through a Manufacturer's Declaration of Conformity) is sufficient. Further information is available from the contacts listed at the end of this chapter (see <http://www.buyusa.gov/europeanunion>).

Agreements on Certification

CB - IEC System for Conformity Testing to Standards for safety of electrical equipment

CCA - CENELEC Certification Agreement

CECC - CENELEC Electronic Components Committee - System for electronic components of assessed quality

ENEC - [ENEC Agreement](#)

HAR - CENELEC Agreement for the use of an agreed marking for cables and cords in combination with harmonized standards

IECQ - IEC System for the quality assessment of electronic components and associated materials

Accreditation

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The German Accreditation Council (DAR) is a working group established in 1991 by ministries of the German Federal Government, ministries of the German Federal States and by representatives of the German industry.

The DAR coordinates the activities in the field of accreditation and recognition of laboratories, certification, inspection, and conformity assessment bodies with the aim to efficiently arrange the procedures on a common high quality level.

The DAR has the following tasks: It coordinates the activities in the field of accreditation and recognition of laboratories, certification, and inspection bodies as far as they are represented in the DAR; it represents German interests in national, European and international organizations dealing with general issues of accreditation and recognition including voluntary and mandatory (KOGB) areas.

The DAR itself does not carry out any accreditations or recognitions.

Currently, the DAR has the following subcommittees:

DAR - AZ (Committee for Cooperation between Mandatory and Voluntary Area)

DAR - ABT (Committee for Training of Assessors)

DAR - AIZ (Committee for International Cooperation)

DAR - ATF (Committee for Technical Issues).

All accreditation bodies represented in the DAR are operating on the basis of the EN 45000/EN ISO/IEC 17000 standard series and the DAR resolutions. With permission of the DAR, they may therefore use DAR certificates for accreditation.

Labeling and Marking

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The European Union does not generally legislate packaging and labeling requirements, but does so for what it sees as specific high-risk products. In the absence of any EU-

wide rules, the exporter has to consult national rules or inquire about voluntary agreements among forwarders that affect packaging and labeling of containers, outer packaging, etc. Importers or freight forwarders should be able to advise U.S. exporters on shipping documents and outer packaging/labeling. EU customs legislation only regulates administrative procedures, such as type of certificate and the mention of rule of origin on the customs forms and shipping documents.

Product specific packaging and labeling requirements applicable throughout the EU applies to food, medicines, chemicals, pharmaceuticals, and probably other high-risk items. The stated purpose of harmonizing such legislation throughout the EU is to minimize the risk for consumers (the end user).

The CE mark is mandatory in the 25 EU countries for any electrical apparatus, and often more than one CE mark law may apply.

The relevant EU website for more details regarding CE mark/electrical equipment is http://europa.eu.int/comm/enterprise/electr_equipment/index.htm. For example, for medical devices, it is http://europa.eu.int/comm/enterprise/medical_devices.

In addition to product specific labeling and packaging requirements, there is also more general consumer-related legislation.

http://europa.eu.int/comm/consumers/policy/developments/labelling/lab01_en.pdf

Eco-Label

Since its inception ten years ago, many companies have recognized the benefits of adopting on the European Eco-Label scheme. There are currently 135 companies licensed under the scheme and it has been awarded to 21 product groups. These products range from paints, detergents, and refrigerators to tourist accommodation. The number is growing and it is the only voluntary scheme that covers products moving across borders in Europe. It sets ecological criteria for a range of products and services in a transparent way so that the consumer can make a more informed choice in order to support sustainable consumption patterns. It takes the lifecycle (from cradle to grave) of a product into account e.g., the materials, health implications, and waste factors that impact on the environment.

The “Blue Angel” is a voluntary environmental labeling program. Created in 1977 by the Interior Ministry, it is the oldest environment-related label in the world. The mark is awarded to products and services which are beneficial to the environment. High standards of occupational health and safety, ergonomics, economical use of raw materials, service life and disposal are also factors covered under this “seal of approval.”

According to the German Ministry for Environmental Affairs, the Blue Angel offers companies the opportunity to document their environmental competence in a simple and inexpensive way, thereby enhancing their market image. About 3,700 products and services have been awarded the label including, recently, mobile phones and marine transport.

1. Product legislation

http://europa.eu.int/comm/enterprise/policy_en.htm

<http://www.ts.nist.gov/ts/htdocs/210/217/export-alert.htm>

2. CE Mark legislation

<http://europa.eu.int/comm/enterprise/newapproach/legislation/guide/>

<http://www.newapproach.org/>

3. European standards

<http://europa.eu.int/comm/enterprise/newapproach/legislation/guide/>

<http://www.newapproach.org/>

<http://www.cenorm.be/catweb>

4. EU Notified bodies

<http://www.europa.eu.int/comm/enterprise/newapproach/legislation/nb/listnotifiedbodies.pdf>

5. Test laboratories

<http://www.ts.nist.gov/ca>

<http://www.ticqa.eotc.be/>

6. Deutscher Akkreditierungsrat (DAR),

<http://www.dar.bam.de/>

7. Labeling:

http://europa.eu.int/comm/consumers/policy/developments/labelling/lab01_en.pdf

8. TÜV:

<http://www.tuvamerica.com/>

9. Other Sources:

BMU – (Federal Environment Ministry)

<http://www.bmu.de/>

BMWA –(Federal Ministry of Economics and Labor)

<http://www.bmwi.de/>

DAR – (German Accreditation Council)

<http://www.dar.bam.de/>

DIN – (German Standards Institute)

<http://www2.din.de/>

NIST – National Institute of Standards and Technology

<http://www.nist.gov/>

UL - Underwriters Laboratories, Inc.

<http://www.ul.com/>

VDE – Verband der Elektrotechnik, Elektronik und Informationstechnik
(Association for Electrical, Electronic & Information Technologies.)

<http://www.vde.de/>

VDMA - Verband deutscher Maschinen- und Anlagenbau e.V.

<http://www.vdma.de/>

ZLG – Zentralstelle der Länder für Gesundheitsschule bei Arzneimitteln und
Medizinprodukten
(Central Authority of the Federal States for Health Protection regarding Medicinal
products and Medical Equipment)

<http://www.zlg.nrw.de/>

ZVEI - Zentralverband Elektrotechnik- und Elektronikindustrie e.V.

(Central Federation for the German Electrical and Electronics Industry)

<http://www.zvei.de/>

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Chapter 6: Investment Climate

2005 Investment Climate Statement - Germany

Investment Climate Statements provide a thorough description of the overseas environments in which U.S. investors must operate. The statements cover general characteristics, such as openness to foreign investment and treatment of foreign investors, as well as details about procedures for licensing and similar administrative matters. Please click on the link below to the U.S. Department of State:
<http://www.state.gov/e/eb/ifd/2005/42039.htm>

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Chapter 7: Trade and Project Financing

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- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
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How Do I Get Paid (Methods of Payment)

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The majority of import transactions by German customers, especially those involving large German distributors, take place under seller-buyer terms, such as the common 30/60/90-day accounts, or payment against documents. The most popular payment mechanism by which German importers remit payment to their U.S. suppliers is the electronic funds transfer (EFT, equivalent to SWIFT or wire transfers), the fastest and cheapest way to transfer funds. Current technology makes online transfers reasonably secure and transparent.

The Letter of Credit is still used in some industry sectors, but now covers a fraction of total imports, largely due to its cost and time requirements, as well as the ease in obtaining credit ratings in Germany, which increases transparency and transactional surety. L/C's for payments under USD 5,000 are almost unseen in Germany. U.S. exporters may also encounter Bills of Exchange, (*Wechsel*), usually payable within two or three months, but this antiquated payment mechanism is also passing from the scene.

Cash-in-advance is also rare in German import payment, although the sharp and sustained downturn in Germany's domestic economy has recently led to an increase of financially strapped firms on whom such terms are imposed.

Both private and public credit insurance are available in Germany. *Euler Hermes*, *Coface*, and *Atradius* are among the private providers, (which also offer ranking and scoring services); and the main public insurer is the *Staatliche Kreditversicherung (Hermes-Buergschaften)*, which is administered by Euler Hermes and is used to cover German exports to countries with high political and country risk. U.S. exporters tend to purchase credit insurance to a much lesser extent than European exporters, due to the relatively greater recourse to factoring in the U.S.

Overall, German firms continue to enjoy a relatively good reputation for their payment practices and management of credit. However, the continuing poor macroeconomic situation in Germany (high structural unemployment, increasing corporate bankruptcies, high public indebtedness, flat growth, etc.) has generally increased the probability of defaults by German importers. Critical industries for U.S. exporters are construction, furniture, paper, and publishing. Default risk is somewhat higher for firms in unevenly performing eastern Germany. U.S. Commercial Service Germany offers the [International Company Profile](#) as a tool to help evaluate the credit-worthiness of potential customers

or partners, and recommends U.S. exporters to consider normal, prudent credit practices in Germany in all transactions.

The Export-Import Bank of the United States (Ex-Im Bank) is the official export credit agency of the United States. Ex-Im Bank's mission is to assist in financing the export of U.S. goods and services to international markets. Ex-Im Bank enables U.S. companies - large and small - to turn export opportunities into real sales that help to maintain and create U.S. jobs and contribute to a stronger national economy. Ex-Im Bank does not compete with private sector lenders, but provides export-financing products that fill gaps in trade financing. The bank assumes credit and country risks that the private sector is unable or unwilling to accept and helps to level the playing field for U.S. exporters by matching the financing that other governments provide to their exporters. Ex-Im Bank provides working capital guarantees (pre-export financing); export credit insurance; and loan guarantees and direct loans (buyer financing). Primarily focusing on developing markets worldwide, Ex-Im Bank has recently supported U.S. firms supplying to the world's largest solar energy facility in Bavaria. For further information on Ex-Im Bank's objective and programs please see: <http://www.exim.gov/>.

How Does the Banking System Operate

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Germany has a basically non-discriminatory, well-developed financial services infrastructure. Germany's universal banking systems allows the country's more than 39,000 bank offices not only to take deposits and make loans to customers, but also to trade in securities. The traditional German system of cross-shareholding among banks and industry, as well as a high rate of bank borrowing relative to equity financing, allowed German banks to exert substantial influence on industry in the past. Germany's recent tax reform, however, eliminated the capital gains tax on holdings sold by one corporation to another as of January 2002. This change is considered especially important to promote industrial restructuring, unwind Germany's complex web of interlocking corporate ownership, and rationalize capital allocation.

Private banks control roughly 30 percent of the market, while publicly owned savings banks partially linked to state and local governments account for 50 percent of banking turnover, and cooperative banks make up the balance. All three types of banks offer a full range of services to their customers. A state-owned bank, KfW, provides special credit services, including financing homeowner mortgages, providing guarantees to small and medium-sized businesses, financing projects in disadvantaged regions in Germany and providing export financing for projects in developing countries.

Virtually all major U.S. banks are represented in the German market, principally but not exclusively in the city of Frankfurt am Main, Germany's main financial center. A large number of German banks, including some of the partially state-owned regional banks, similarly maintain subsidiaries, branches and /or representative offices in the United States. Germany's major private banks are Deutsche Bank, Dresdner Bank, Commerzbank, and HVB.

Foreign-Exchange Controls

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Practices regarding finance, availability of capital and schedules of payment are comparable to those, which prevail in the United States. There are no restrictions or barriers on the movement of capital, foreign exchange earnings or dividends.

U.S. Banks and Local Correspondent Banks

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Citibank AG
Reutterweg16
60323 Frankfurt am Main, Germany
Telephone: [49] [69] 1366-0
Website: <http://www.citibank.de>

JP Morgan GmbH
Junghofstr. 14
60311 Frankfurt am Main, Germany
Telephone: [49] [69] 7124-0
Telefax: [49] [69] 7124-2209
Web site: <http://www.jpmorgan.com>

Goldman-Sachs & CO OHG
Messeturm
Friedrich-Ebert-Anlage 49
60308 Frankfurt am Main, Germany
Telephone: [49] [69] 7532-1000
Telefax: [49] [69] 7532-2800
Web site: <http://www.gs.com/>

Merrill Lynch Bank AG
Neue Mainzer Strasse 52
60311 Frankfurt am Main, Germany
Telephone: [49] [69] 5899-0
Telefax: [49] [69] 5899-4000
Web site: <http://www.ml.com/>

Project Financing

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Germany possesses the financial framework and institutions to support the development of large infrastructure works on a project finance basis. However, the volume of project finance operations has been relatively modest in Germany in comparison to other EU countries, particularly the U.K. or France. Although the deteriorating financial health of public entities in Germany's highly decentralized federal structure over the last several years would seem to favor this type of financing, the relatively stagnant economic conditions have also limited anticipated rates of return for potential project finance developers. Other inhibiting factors are Germany's complex juridical and federal frameworks, which make project financed works relatively harder to structure than in other countries. One area that has attracted project finance, including that involving a few U.S. developers and investors, is small-scale alternative energy production. Clean

and renewable energy projects, generally, have gained prominence in Germany through the country's commitment to meeting sharply reduced CO2 emission targets.

The principle German institutions active in facilitating project finance deals are the state-owned KfW Bank Group (Kreditanstalt fuer Wiederaufbau), which plays a major role in virtually all industry fields, commercial banks Commerzbank and HVB, and several of the publicly-owned savings banks controlled by state and local governments ("Landesbanken") located in northern Germany. The KfW Group includes KfW IPEX-Bank, which supports consortia with German members to design and finance infrastructure projects in Germany and overseas. Another group member, KfW Promotional Bank (Förderbank), helps municipalities finance infrastructure.

Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

European Bank for Reconstruction and Development (EBRD) <http://www.ebrd.com/>

U.S. Commercial Service Liaison Office to the EBRD <http://www.buyusa.gov/ebd/>

The German Bankers' Association <http://www.bdb.de>

Federal Financial Supervisory Authority <http://www.bafin.de>

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Chapter 8: Business Travel

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Business Customs

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- Never underestimate the importance of punctuality in German business culture. Arriving even five to ten minutes after the appointed time is perceived as late; a fifteen minute variance would be considered a very serious faux pas and could mean a shaky start to any potential business relations.
- Be prepared to make an appointment for most things.
- The preferred times for business appointments are between 10:00 a.m. and 1:00 p.m. or between 3:00 p.m. and 5:00 p.m.
- Avoid scheduling appointments on Friday afternoons, as some offices close by 2:00 p.m. or 3:00 p.m. on Fridays.
- Giving compliments is not part of German business protocol and can often cause embarrassment and awkwardness.
- Germans traditionally use: "Wie geht es Ihnen?" ["How are you?"] as a literal question that expects a literal answer, in contrast to the common English usage of "How's it going?" to simply meaning "Hi". It may, therefore, be considered strange or superficial to ask the question and keep on moving without waiting for an answer.

Travel Advisory

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- Germany remains largely free of terrorist incidents. However, like other countries in the Schengen area, Germany's open borders with its European neighbors allow the possibility of terrorist groups entering/exiting the country with anonymity. Overall, the security risk to travelers in Germany is low.
- For the latest security information, Americans traveling abroad should regularly monitor the State Department's Internet web site at <http://travel.state.gov/> where the current [Worldwide Caution Public Announcement](#), [Travel Warnings and Public Announcements](#) can be found. Up-to-date information on security can also

be obtained by calling 1-888-407-4747 toll free in the United States, or, for callers outside the United States and Canada, a regular toll line at 1-317-472-2328. These numbers are available from 8:00 a.m. to 8:00 p.m. Eastern Time, Monday through Friday (except U.S. federal holidays).

Visa Requirements

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- A passport is required. A visa is not required for tourist/business stays up to 90 days within the Schengen Group of countries, which includes Germany. Further information on entry, visa and passport requirements may be obtained from the German Embassy at 4645 Reservoir Road N.W., Washington, D.C. 20007, telephone (202) 298-4000, or the German Consulates General in Atlanta, Boston, Chicago, Houston, Los Angeles, Miami, New York, or San Francisco, and on the Internet at http://www.germany-info.org/newcontent/index_consular.html.
- Inquiries from outside the United States may be made to the nearest German embassy or consulate.
- U.S. Companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links:

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas: <http://www.unitedstatesvisas.gov/>

United States Embassy Berlin <http://www.usembassy.de/>

Telecommunications

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- Germany has not only been one of the fastest growing markets for mobile equipment - there are more mobile than fixed-line subscribers - but is also very well prepared for any future technology in the telecommunications sector. Thousands of miles of high quality fiber optical cable make the country ready for the applications of the future.
- Mobile phones are based on GSM 800 and 1600 Mhz standards. UMTS/IMT 2000 frequencies are 1900 to 2170 MHz.

Transportation

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- Travel by plane, train or car meets international standards, but prices exceed U.S. averages. The number of in-country flights has been picking up and the train stations that dot the country provide sufficient access to nearly all cities.
- Nevertheless, cars are the most popular means of transport and Germany's famous highway system is extensive.
- Geographic distances are relatively short, when compared to the United States, but as Germany is much more densely populated than its European neighbors, it may take a little longer to travel the same distance in the FRG than it may take in France or Scandinavia.

Language

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- German. In larger towns, many people can communicate in English.

Health

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- Good medical care is widely available. Doctors and hospitals may expect immediate payment in cash for health services from tourists and persons with no permanent address in Germany. Most doctors, hospitals, and pharmacies do not accept credit cards.
- Medical Insurance: The Department of State strongly urges Americans to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and if it will cover emergency expenses such as a medical evacuation. U.S. medical insurance plans seldom cover health costs incurred outside the United States unless supplemental coverage is purchased.

Local Time, and Holidays

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See <http://www.buyusa.gov/germany/en/holidays.html> for German holidays in 2005 and 2006.

Central European Time (CET): UTC/GMT +1 hour

Central European Summer Time (CEST): UTC/GMT +2 hours

Daylight saving time in Germany starts on Sunday, March 27, 2005 at 2:00 AM local standard time and ends on Sunday, October 30, 2005 at 3:00 AM local daylight time.

See <http://www.timeanddate.com/> for more information.

Temporary Entry of Materials and Personal Belongings

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When bringing professional equipment such as electronic goods, cameras, and musical instruments into Germany, it is strongly recommended that you first contact the consulate or embassy in your area for customs information. You might also want to consider purchasing an ATA Carnet. The ATA Carnet, which allows for the temporary, duty-free entry of goods into over 50 countries, is issued by the United States Council for International Business by appointment of the U.S. Customs Service;

<http://www.uscib.org/>

Note: Voltage in Germany is 230. Electronic equipment from the U.S. will require an adaptor.

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Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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A. Country Contacts

Federal Ministry of Economics and Labor
Bundesministerium fuer Wirtschaft & Arbeit
www.bmwa.bund.de

Federal Bureau for Foreign Trade Information
<http://www.bfai.de/>

Federal Ministry of Finance
Bundesministerium der Finanzen
<http://www.bundesfinanzministerium.de/>

B. Country Trade Associations/chambers of Commerce

Bundesverband der Deutschen Industrie e.V. (BDI)
(Federation of German Industries)
<http://www.bdi-online.de/>

Deutscher Industrie und Handelskammertag (DIHK)
(Federation of German Chambers of Industry and Commerce)
<http://www.diht.de/>

Bundesverband des Deutschen Gross- und Aussenhandels e.V. (BGA)
(Federation of German Wholesale and Foreign Trade)
<http://www.bga.de/>

Zentralverband Elektrotechnik- und Eletronikindustrie e.V. (ZVEI)
(German Electrical and Electronic Manufacturers Association)
<http://www.zvei.de/>

Verband Deutscher Maschinen- und Anlagenbau e.V. (VDMA)
(German Association of Machinery and Plant Manufacturers)
www.vdma.org

Centralvereinigung Deutscher Handelsvertreter- und Handelsmakler-Verbaende (CDH)
(General Association of Commercial Agents and Brokers)
<http://www.cdh.de/>

C. Country Market Research Firms

It would exceed the scope of this guide to list even only the major market research or consultant companies. Most of these firms belong to one or both of the following associations and can be contacted through these.

Bundesverband Deutscher Unternehmensberater e.V. (BDU)
(Federal Association of German Consultants)
<http://www.bdu.de/>

Arbeitskreis Deutscher Markt- und Sozialforschungsinstitute e.V. (ADM)
(Federation of German Market and Social Research Institutes)
<http://adm-ev.de/>

D. Country Commercial Banks

There are numerous domestic and foreign banks represented in Germany; among the largest German institutions are:

Deutsche Bank AG <http://www.deutsche-bank.de/>

Dresdner Bank AG <http://www.dresdner-bank.com/>

Westdeutsche Landesbank <http://www.westlb.de/>

Commerzbank AG <http://www.commerzbank.com/>

E. U.S. Embassy Trade Personnel

United States Embassy, Berlin <http://www.usembassy.de/>
Commercial Service <http://www.buyusa.gov/germany/en/berlin.html>

U.S. Consulates

Dusseldorf <http://duesseldorf.usconsulate.gov/>
Commercial Service <http://www.buyusa.gov/germany/en/duesseldorf.html>

Frankfurt/Main <http://frankfurt.usconsulate.gov/>
Commercial Service <http://www.buyusa.gov/germany/en/frankfurt.html>

Hamburg <http://hamburg.usconsulate.gov/>
Commercial Service <http://www.buyusa.gov/germany/en/hamburg.html>

Leipzig <http://leipzig.usconsulate.gov/>
Commercial Service <http://www.buyusa.gov/germany/en/leipzig.html>

Munich <http://munich.usconsulate.gov/>
Commercial Service <http://www.buyusa.gov/germany/en/munich.html>

F. Washington-based USG Country Contacts

U.S. Department of Commerce, International Trade Administration
<http://www.ita.doc.gov/>

U.S. Department of State, Germany Desk
<http://www.state.gov/>

USDA - Foreign Agricultural Service, Agricultural Export Services Division. The website has trade and production statistics, exporter assistance information, marketing information, trade policy news and links to the attaché reports
<http://www.fas.usda.gov/>

U.S. Department of the Treasury
<http://www.ustreas.gov/>

Office of the U.S. Trade Representative, Office of Europe and the Mediterranean
<http://www.ustr.gov/>

<http://www.useu.be/agri/> - the office of Agricultural Affairs at the U.S. Mission to the European Union has a very comprehensive website on EU food laws, import requirements, and duties and quotas.

G. U.S.-based Multipliers

Embassy of the Federal Republic of Germany
<http://www.germany-info.org/>

CMA - German Agricultural Marketing Board
North American Office
<http://www.cmanorthamerica.org/>

German American Chamber of Commerce Inc. (Headquarters)
<http://www.gaccny.com/>

German Representative for Industry and Trade
<http://www.rgit-usa.com/>

Other Contacts

<http://www.buyusa.gov/germany/en/contact.html> - U.S. Commercial Service Germany's trade specialists can help you identify trade opportunities, find local trading partners, launch your company, and obtain market research reports.

<http://www.export.gov/> - U.S. Government Export Portal

<http://www.buyusa.gov/europeanunion/> - As EU member states harmonize their regulations and increase their economic integration, a direct connection to the U.S. Commercial Service at the U.S. Mission to the European Union can be the key to success in the European marketplace.

<http://www.agbc.de/> - American-German Business Club

<http://www.agbc-berlin.de> - American German Business Club Berlin

<http://www.amcham.de/> - American Chamber of Commerce in Germany

<http://www.useu.be/agri/> - the office of Agricultural Affairs at the U.S. Mission to the European Union has a very comprehensive website on EU food laws, import requirements, and duties and quotas.

<http://www.fas.usda.gov> - The Foreign Agricultural Service website has trade and production statistics, exporter assistance information, marketing information, trade policy news and links to the attaché reports.

<http://www.tradestatsexpress.gov> - provides statistical data on trade between the United States and Germany

<http://www.bundesbank.de> - provides information and key indicators on Germany's economy

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports. Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

<http://www.buyusa.gov/germany/en/marketresearch.html> - Comprehensive and up-to-date information about the German market and the export potential for U.S. products and services

<http://www.buyusa.gov/europe/> - The Showcase Europe website of the U.S. Commercial Service provides trade opportunities, new business partners, market research and one-on-one assistance.

http://www.buyusa.gov/europeanunion/tender_search.html - Public Procurement Opportunities in Europe

Trade Events

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Please click on the link below for information on upcoming trade events:

<http://www.buyusa.gov/germany/en/events.html> Directory of important trade fairs in Germany and the U.S.

<http://www.export.gov/tradeevents.html> Worldwide trade events

Agricultural Trade Shows in Germany

The following are some of the major trade shows being held in Germany that are dedicated

to the food and agricultural sector and products, please see:
http://www.usembassy.de/germany/fas_tradeshows.html

Note: The promotional events listed are provided for informational purposes only. No endorsement should be implied unless specifically stated.

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Agricultural Reports

Attaché Reports

Attaché reports provide information on market opportunities, crop conditions, new policy developments and information on the German food industry. Some standard reports include: Retail Market Report, Exporter Guide, Food Service Report, and market briefs on wine, seafood, and other select products. Attaché reports can be found at

<http://www.fas.usda.gov/scriptsw/attacherep/default.asp> In recent years, many of the German reports have been consolidated and are submitted as EU reports. We recommend that companies interested in the German market also review the EU reports.

American Food Directory

The Agricultural Affairs Office has produced a food directory entitled "American Foods in Europe (AFE) 2004 Directory of European Importers of U.S. Food and Beverage Products". The AFE directory contains listings of about 200 European companies, from 16 European countries within the EU-25, handling about 500 branded and a wide assortment of generic U.S. food and beverage products available in Europe. The directory is a useful resource for retailers, hotels, caterers, restaurants and others seeking to purchase U.S. food or beverage products but who do not wish to import directly. In addition to a hardcopy, an Internet version of the 2004 Directory is available at www.american-foods.org.

For further information please review the FAS Homepage and the FAS Processed Products Division. The FAS homepage may be visited on line at:
<http://www.fas.usda.gov>.

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers in Germany U.S. businesses, please visit:

http://www.buyusa.gov/germany/en/find_partners.html

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at (800) USA-TRADE, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.